

925-929 North Main Street Post Office Box 910 Somerset, KY 42502-0910 Telephone 606-678-4121 Toll Free 800-264-5112 Fax 606-679-8279 www.skrecc.com

October 20, 2011

RECEIVED

OCT 24 2011

PUBLIC SERVICE COMMISSION

Mr. Jeff Derouen, Executive Director Kentucky Public Service Commission 211 Sower Boulevard P.O. Box 615 Frankfort, KY 40602

RE:

Case No. 2011-00096

Application of South Kentucky Rural Electric Cooperative Corporation, for

an Adjustment of Rates

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Third Data Request of the Commission Staff to South Kentucky Rural Electric Cooperative Corporation" dated September 23, 2011.

Please contact me at (606) 523-1370 or Allen Anderson at (606) 678-4121 with any questions regarding this filing.

Respectfully submitted,

Darrell Saunders

Counsel for South Kentucky Rural Electric Cooperative Corporation

Jally / Samber

Enclosure

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of adjustment of Rates Of South Kentucky Rural Electric Cooperative Corporation

Case No. 2011-00096

APPLICANT'S RESPONSES TO THIRD DATA REQUEST OF COMMISSION STAFF

The applicant, South Kentucky Rural Electric Cooperative Corporation, makes the following responses to the "Third Data Request of Commission Staff", as follows:

- 1. The witnesses who are prepared to answer questions concerning each request are Allen Anderson, Stephen Johnson, and Jim Adkins.
- 2. Allen Anderson, President and CEO of South Kentucky Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
- 3. The responses and Exhibits are attached hereto and incorporated by reference herein.

Darrell Saunders, Attorney at Law

(1) Lalle / Cander

P.O. Box 1324

Corbin, Kentucky 40702

Attorney for South Kentucky Rural Electric Cooperative

Telephone: 606-523-1370

The undersigned, Allen Anderson, as President & CEO of South Kentucky Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 20, 2011

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

By: _______ALLEN ANDERSON, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Allen Anderson, as President & CEO for South Kentucky Rural Electric Cooperative Corporation on behalf of said Corporation the 20th day of October, 2011.

Notary Public, Kentucky State At Large

My Commission Expires: 12-2-2013

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Ten Copies

Mr. Jeff Derouen, Executive Director Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40601

Copy

Hon. Lawrence W. Cook Assistant Attorney General 1024 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601

This 20th day of October, 2011

Dall / Cander

ATTORNEY FOR SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

1			

Item No. 1
Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

1. Refer to the response to Item 1 of Commission Staff's Second Request for Information ("Staff's Second Request"). Explain what regulatory authority, if any, the state of Tennessee has over South Kentucky.

Response Question #1

The state of Tennessee has never provided regulatory authority over the customers located in Tennessee.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

2. Refer to the response to Item 2 of Staff's Second Request. The response states

that South Kentucky published notice in various newspapers in its service territory of the

proposed rate increase and that its members were informed in May 2011 in South Kentucky's

Annual Report in Kentucky Living magazine of its intent to apply for a rate increase. Further,

South Kentucky states that a June 2011 article regarding the proposed rate increase appeared in

South Kentucky's section of Kentucky Living magazine. Provide an affidavit of publication from

the publisher of each publication in which the notice was published indicating the dates of

publication with an attached copy of the notice that was published.

Response to Question#2.

See attached requested information.

Item No. 2
Page 1 of 15
Witness: Jim Adkins

The Times Tournal

PO Box 190, 120 WILSON ST., RUSSELL SPRINGS, KY 42642 PHONE 270.866.3191 - www.russellcounty.net - 270.866.3198 FAX

Affidavit of Publication:

RECC 925 N Main St Somerset KY 42501

June 11, 18, 25, 2011

6x10.75 = \$396.90x3 runs= \$1190.70 Russell County News Register

I hereby affirm that the above listed advertisement was published in The Times Journal on the above listed date and at the size indicated.

Stephanie Smith 9-27-11
Date signed

Notary:

I attest that the above signature is true and correct.

Signed Lirek Claron Dated 9-27-11

I Derek Aaron, am a Kentucky Notary Public – State out Large, for acts performed in Kentucky for recordation in Kentucky; my commission expires: 18 March, 2015.

<Page 1 of 1 -- nothing follows>

Item No. 2 Page 2 of 15

Witness: Jim Adkins

Official Notice
South Kentucky Rural Electric Cooperative Carporation, with it
principal office at Sumerset, Kentucky, and with its address as 925-92
N. Main St., Somerset, Kentucky 42503, intends to file with the Ken
tucky Public Service Commission in Case No. 2011-00098 an applica in a general rate increase to the member-consumers of South Ke tion to adjust its retail rates and charges. This Adjustment will resu

tion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Bax 615. Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission. tucky Rural Electric Cooperative Corporation..

The rates proposed in this application are the rates proposed I South Kentucky Rural Electric Cooperative Corporation. However, the contraction of the cont for consumers other than the rates in this application. Kentucky Public Service Commission may order rates to be charge that differ from these proposed rates. Such action may result in rate Any corporation, association, body politic, or person may by mo-

mny obtain copies of the rate opplication and my other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somorset, KY 42503; phone 606678-4121. Cooperative Corporation or at the Commission's office. ings made by the utility at the office of South Kentucky Rurol Electric Any person may examine the rate application and any other fil-

					4000	Street righting
100W M/Halide Lexington	813	ceting Rate - F	Schoule B - Small Commercial Marketing Rate - ETS	15.0%	\$91.390	Schedule of L
400W Mercury Cobra 12' Arm	\$0.06706	\$0.06313	Year 3	3	ó	Outdoor laghung
250W Cobra 30' Aluminum Pol	\$0.06313	\$0.05921	Year ?	16.	•	Schedule OL
250W Cobra Existing Pole	\$0.05921	\$0.05528	Year 1		ocioce.	All Electric School
Metered 100W M/Hal Acorn			Consumers with no contract	9.9%	\$80.599	Schedule AES
400W Metal Halide Calleria	\$0.056934	\$0.05528	Consumers with contract	!	4100,000	Large Fower 3
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ZDOW COOLS SO STEMMENT TO		\$0.10389	Energy Rate per kWh	7.1%	\$41,350	Year 1
provide Carbon and Alamana Pol	\$25.00	\$17.14	Gustomer Charge per month	776	2	Consumers with no contract
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Schedule DSTL			\$0.09489			Schedule A
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Sodium Streetlgt 380 Watts		ted below.	Electric Cooperative Corporations are listed below	2		Schedule B
400W Flood 21000 Lum-M Mv	пенску китан	res of South Ke	The present and proposed rate structures of South Kentucky Kura	7.8%	\$6,668,492	Residential, Farm and Home
M/Vapor Sec Light 74 KWH	0,0	5	Decorative Street Lighting			Schedule A
Schedule STL	2	•	Schedule DSTL	Percent	Amount	Rate Class
M/Halide 250W Metered Dir	40.01	\$2.27	Street Lighting		Increase	
M/Halide 250W Directional	2	3	Schedule STL		listed below:	The amount and percent of increase are listed below:
M/Halide 1000W Metered Dir	0%	6	Outdoor Lighting			1
MHപide 1000W Directional	2	÷	Schedule OL		3940	cn
M/Halide 400W Metered Dir	2.5.6	\$348.24	All Electric School	40602	Frankfort, Kentucky 40602	42503
M/Halide 400W Directional	0 00	1	Schedule AES		211 Sower Boulevard	
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Ş	Rate Class	Amount	Percent
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ř	Residential, Farm and Home	\$9.02	7.8%
•	Schedule B		1
y	Small Commercial	\$16.35	9.6%
ne.	Schedule LP		
en-	Large Power	\$195.04	4.0%
es	Schedule OPS		
2	Optional Power Service	\$121.89	46.61

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Schedule DSTL			Energy Rate per kWh	\$0.00233
Decorative Street Lighting	\$,	o% hill by rute	Metaring Chargo	\$1.42.85
The effect of the proposed rates on the average management	etage monacus	7	je	\$1,078.84
class is listed below:	Increase		er kW	\$6.16
Rate Class	Amount	Percent	per kWh	\$0.06091
Schedule A			Schedule LP-2	A-1 OFF
Pasidontial Farm and Home	\$9.02	7.8%	Metering Charge	\$1,657
Designation, Facili dim source			Substation Charge	\$2,711.98
Schedule b	\$16.35	9.6%	Demand Charge per kW	\$6.16
a committee of the comm			Energy Charge for the first 400-KWh	TENGOTOS
Schedule L'r	2105 04	4 5%	Energy Charge for all kWh over 400 kWh	\$0.05404
Large Power	4100.03		Schedule LP-3.	
Schedule OPS		1 10	Metering Charge	\$142.85
Optional Power Service	\$121.69	10.070	Substation Charge	\$359.99
Schedule A			Contract Demand Charge por kW	\$6.16
Residential Marketing Rate - ETS			Excess Demand Charge per kW	\$8.57
Consumers with no contract		2	Energy Rate per kWh	\$0.05793
Year 1	\$1.79	7.1%	Schedule AES	
Year 2	81.18	1.1.6	Customer Charge per month	\$79.28
Year 3	\$1.79	2000	Energy Rute per kWh	\$0.08300
Consumers with contract	\$0.70	0.0,0	Schedule OL	
Schedule B	3	10 000	Metal Halide 250W Dir	\$18.34
Small Commercial Marketing Rate - ELS	33.79	10.00%	M/Halide 260W Metered Dir	\$10.22
Schedule LP1	٠	S.	M/Vapor See Light 74 KWH	\$10.57
Large Power 1	44	0%	M/Vapor Metered Sec Light	\$7.23
Schedule LP-2	٠	2	Sedium Security Light	\$10.57
Large Power 2	1	0%	Sodium Metered Sec Light	\$7.23
Schedule LP-3		2	Södium Directional Light	\$16.99
Large Power 3	\$984.13	2,1.2	Sodium Metered Directional	\$9.18
Schedule AES	1	0 00	M/Halide 400W Directional	\$23.14
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Linton County News

Published Since 1949 By Gibson Printing Co., Inc.

Item No.2 P.O. Box 360 • 116 North Washin # 15 Albany, Kentucky 42602-0360

Witness: Jim Adkins 606-387-5144 / Fax: 606-387-7949

gpcompany@kih.net / www.clintonnews.net

The News . . . It's All About You!

AFFIDAVIT OF PUBLICATION

I, Janie U. Gibson, Advertising Manager for the Clinton County News, a newspaper published in Albany, Clinton County, Kentucky, do hereby affirm that an advertisement titled "Official Notice" regarding retail rates and charges, was published in the June 9, 2011, June 16, 2011 and the June 23, 2011 issues.

V. Gelsson Jame U. Gibson Advertising Manager Clinton County News

I, Alan B. Gibson, a Notary Public, State at Large, Kentucky, do hereby affirm that the above named person did personally appear before me on this 30th day of June, 2011, affixing her signature to this document in my presence and stating that the above facts were true to the best of her knowledge

Alan B. Gibson Notary Public

State at Large, Kentucky

My Commission Expires 09/26/12

Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address as 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by intotion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other fillings made by the utility by contacting Mr. Stephen Jahnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606-678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC 925-929 N. Main St Somerset, Kentucky 42503 606-678-4121 Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40602 502-564-3940

The amount and percent of increase are listed below				Schedule B Customer Charge per month		17,14	\$ 25.0
		остава		Energy Rate per kWh	;	0.10389	\$ 0.109
Rate Class	-	Amount	Percent	Schedule LP	•	*	
Schedule A				Customer Charge per month-	\$1.	34.28	\$ 50.
Residential, Farm and Home	s	6,668,492	7.8%	Energy Rate per kWh Demand Charge per kW	•	0.08598	\$ 0.069
Schedule B	-			Schedule OPS	•		
Small Commercial	\$	833,321	9.6%	Customer Charge per month	_	\$34.28	\$ 50.0
Schedule LP Large Power		814.306	4 5%	Energy Rate per kWh Schoule A Residential Marketing Rate - ETS	2	0.10625	\$ 0.1210
Schedule OPS	•	414,300	45%	Consumers with contract		0.05528	0.0569
Optional Power Service	\$	248,043	15.3%	Consumers with no contract			,
Schedule A				Year 1 Year 2	ş	0.05528	\$ 0.0593
Residential Marketing Rate - ETS Consumers with no contract				Year 3	š	0.06313	\$ 0.063
Year 1	\$	41.350	7.1%	Scheule B - Small Commercial Marketing Rate - ETS	•	0.00010	
Year 2	\$	41.350	7.1%	Energy Rate per kWh	\$	0.06233	\$ 0.0740
Year 3	\$	41,350	7.1%	Schedule LP-1 Metering Charge	5	142.85	\$ 142.8
Schedule B Small Commercial Marketing Rate - ETS		354	18.8%	Substation Charge		1,078.84	\$ 1,078.8
Schedule LP1	•	904	10.01	Demand Charge per kW	\$	6.16	\$ 6.
Large Power 1	\$		0%	Energy Rate per kWh Schedule LP-2	\$	0.06091	\$ 0.0609
Schedule LP-2 Large Power 2			0%	Metering Charge		\$1,857	\$1,85
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Large Power 3	\$	106,286	2 1%	Demand Charge per kW		\$6.16	* 0.000
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Outdoor Lighting	5		0%	Metering Charge	\$	142.85	\$ 145.8
ichedule STL	-		370	Substation Charge Contract Demand Charge per kW	S	359.99 6.18	\$ 367.5 \$ 8.7
Street Lighting	\$	21.390	15.0%	Excess Demand Charge per kW	š	8.57	\$ 9.1
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Witness: Jim Adkins

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AFFIDAVIT OF PUBLICATION

I, Debra Cossell,, OF THE
COMMONWEALTH JOURNAL, A LEGAL NEWSPAPER HOLDING A SECOND-
CLASS PERMIT, PUBLISHED DAILY EXCEPT FOR MONDAYS IN SOMERSET,
COUNTY OF PULASKI, COMMONWEALTH OF KENTUCKY DO SWEAR THAT
THE ATTACHED PROOF OF PUBLICATION OF A
LEGAL NOTICE, AS REQUIRED AND PRESCRIBED BY KRS
PAID ADVERTISMENT
WAS PUBLISHED IN SAID NEWSPAPER IN THE ISSUE OF 6-8-11, 6-15-11, for which the sum \$ is due and payable.
SIGNED: DISSILIZED AD
SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARYPUBLIC FOR THE
COUNTY OF PULASKI, COMMONWEALTH OF KENTUCKY THIS <u>22</u> DAY
OF <u>June</u> 20_11
Brenda Hickny MY COMMISSION EXPIRES Cinquist 12, 2014

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Witness: Jim Adkins

\$22.86								
	\$22.86	250W Cobra 30 Adminiant 40	\$0.06313	80.05921	Your 2	960	60	Cutdoor Lighting
\$22.88	#22.88	250W Cobra Existing Pole	\$0,05821	\$0.05528	Year 1		800,000	All Electric School
9 5	57.81	Motored 100W M/Hal Acorn			Consumers with no contract	200	200	Schedule AES
523.21	\$29.21		\$0.056934	\$0.05528	Schoule A - Residential Minimeter 80.055	2.1%	\$106,286	Large Fower 9
38	38.64	100W Motal Hallde Lexington	,	ETB	Energy Rate per kWh			Schodulo LP-8
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\$25.21	800000	250W Cobra 30 Aluminum For		\$0.10389	Cultivinate Constitution in	7.1%	\$41,350	Year 1
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\$16	*10.50	Schodule DSTL			50.09439		- ETS	Bouldontini Murketing Rate - ETS
00.40	50.40	Sodium Cobra-HD 100W StLet		30.08214	Energy Rate per kWh		61-00-0	Optional Power Service
20.0	\$14.12	Sodium Streetigt 360 Wattu	940.00	80, HA	Customer Charge per month	1000	5000	Schedule OPS
\$9.70	58.48	Sodium Streetigt 180 Watta			Schedule A	4.6%	\$814,306	Lunge Power
\$9.76	38.48	400 Watt 19100 Lum-M Mv	Proposed .	Prosent F				Schodule LP
516.24	\$14.12	2KO W Flood 12100 Lum-M Mv		Rates		9.6%	\$833,321	Small Commercial
\$16.24	\$14.12	Godina Streetlet 380 Watta		ad below.	the Connective Corporations are listed below.			Robinoniani, Farm and mone
89.	\$8.48	My rapor see Library My	ucky Rural	os of South Kont	The content and a proposed rate atructures of South Kentucky Rural	7.8%	SER RAB 402	Schodulo A
.6\$	\$8.48	Schodule SIL	0%		Bohodule Lord	X DE CONTRO	Amount	Rato Class
		The state of the s	~		Ser des augustes		A	
\$10.22	\$10.22	MANUAL SECURITY AND	15.0%	92.27	School College		neropso are tisted dolow	The amount and percent of increase are tinted below:
818	\$18.94	MHHIDD TOUGH AND			Ollegger Agential	•	***************************************	
811	417.41	M/Halida 1000W Directional	2008		Behearte Ch		502-564-3940	806-678-4121
541.70	541.70	MARAILLE 400W Motored Lit		0	All Bieceric Sendol	cy 40602	Frankfort, Kontucky 40602	Somerest, Kentucky 42503
210.22	1 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	MAInlide 400W Directional	9.9%	\$ TAB - 24	Schodule AES	ď	211 Sewer Boblevard	925-929 N. Main St
000	90.10	Sodium Motored Directional	-	0000	Largo Power 3	Commission	Ky, Public Service Commission	South Kentucky RECC
	910.00	Sodium Directional Light	2.1%	\$094 73	Schedule LP-3			
	87,23	Sodium Motored Soc Light	3	1	Large Power 2	:	Commission's office.	ingo made by the states or at the Commission's office.
\$10.07	\$10.67		2	,	Schedulo LP-2	Rural Electric	Sea of South Kontucky	Any purson may examine the rate approximately Rural Electric
\$7.23	\$7.23	MVapor Metered Sec Light	C	1	Large Power 1	nay other til-	and application and	42503; phone 608678-4121.
\$10.67	810.67	Myupor Soc Light 74 KWH	2	,	Schodulo LP1		1, 920-929,Jv. Minin Sen	Electric Cooperative Corporation, 926-928-19, Milli Co., Comments
\$10.22	\$10.22	MHalide 260W Metered Dir	18.82%	\$3.79	Brail Commercial Marketing Rate - ETS	Something House	phan Johnson, South Asia	the utility by contacting Mr. Stephen Johnson, South Franchist Ky
\$18.34	\$18.34	Motol Holida 250W Dir			Schedulo B	unge mean oy	Hentien and any other it	obtain copies of the rate appl
		Chadula OI.	3.0%	\$0.75	Consumors with contract	Commission	ted intervention by the	Any person who has been granted intervention by the Commission
\$0.09127	\$0.08300		7.1%	\$1.79	Yunr 3	t of the party.	g the status and interes	grounds for the request including the status and interest of the party.
\$83	\$79.28	Golden and Charge nor month	7.1%	\$1.79	Your 2	Bet forth the	acky 40602, and shall	P.O. Box 615, Frankfort, Keptucky 40602, and shall set forth the
		Colonia AES	7.1%	\$1.79	Your 1	or Boulevard,	Commission, 211 Sowe	submitted to the Public Service Commission, 211 Sower Boulevard,
\$0.05915	90.05793	Excess Continue Contract Per			Congumers with no contract	otion thall be	ave to intervene. The m	proposed rate changes request leave to intervene. The motion shall be
\$9.19	\$8.67	Contract Committee Canada Per acc			Banklantial Marketing Rate - ETS	f notice of the	publication or mailing o	tion within thirty (30) days after publication or mailing of notice of the
\$6.29	\$6.16	Substation Charge			Bohodulo A	may by mo-	, body politic, or person	ny corneration, association.
8367.69	20000	Metering Charge	16.3%	\$121.89	Songario Caro		or in this application.	tings allies store that the rates in this application.
*14	20 07 14	Schodule LP-8			Large Power	enult in rates	man fluch action may r	Kentucky Public Survice Commission may result in rates
	90.0000e		4.5%	\$195.04	Bohedule L.F.	o he charged	ooperative Corporation t	Cantilely Rural Electric Co
\$0.000E	16090:08	##t 400 kWh		6	Small Commercial	Topoodord by	pplication are the rate	The rates proposed in this application are the rates proposed in
40	86.16		o non		Schedulo B		Corporation.	tucky Rural Electric Coopurative Corporation.
\$2,71	\$2,711.98	Substation Charge		89.02	Residential, Farm and Home	f South Kan-	o mombor-consumors o	in a general rate increase to the member-consumers of South Kan-
31,857	\$1,857	Metoring Chargo	7 400	9000	Schodule A	ant will result	charges, This Adjustme	tion to adjust its retail rates and charges. This Adjustment will result
,		Schodule LP-2	Percont	Amount	Rate Class	16 an applica-	in Case No. 2011-0009	tucky Public Service Commission in Cuse No. 2011-00096 an applica-
\$0.06091	\$0.08091	*		Increase		ith the Kon-	42503, Intends to file w	bringhal dilice at compared, hencey, all brinds to file with the Kan-
20.00	91,070.04	7			The distance are proposed and	925-929	ric Cooperative Corpora	South Kentucky Kurai Electric Cooperative Courses of 825-829
27.07	074 84		ill by rate	verage menthly b	The affect of the proposed rates on the average monthly bill by rate	tion with its	la Connerative Cornera	
\$140 AK	200	Schedulo LP-1	.0%		Decoration Street Lighting		Z	
50.07406	\$0.06299	Energy Rate per kWh			Saturation Dept			

Item No. 2 Page 7 of 15 Witness: Jim Adkins

AFFIDAVIT OF PUBLICATION

1, Patricia Stephens
Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of Db/69/11 by 8.5 Legal add
· · · · · · · · · · · · · · · · · · ·
for which the sum of \$ 242.25
is due and payable.
Signed: Salrivia Tephens
Signed: Salrivia Stephens Title: Publisher
Subscribed and sworn to before me, a notary public for the County
of McCreary, Commonwealth of Kentucky this9th
day of, 20
My commission expires $03/27/15$
Jandy W. Stephens

į

Item No. 2 Page 8 of 15 Witness: Jim Adkins

AFFIDAVIT OF PUBLICATION

i, Patricia Stephens
Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of Ob/16/11 bx8.5 Legal ad
is due and payable. for which the sum of \$ 342.25
Signed: Falricia Stephens Title: Publisher
Subscribed and sworn to before me, a notary public for the County
of McCreary, Commonwealth of Kentucky this
My commission expires 03/27/15

į

Item No. 2 Page 9 of 15 Witness: Jim Adkins

AFFIDAVIT OF PUBLICATION

1. Patricia Stephens
Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of 06/23/11 6x8.5 Legal 04
for which the sum of \$ $\frac{343.25}{1.25}$ is due and payable.
Signed: Salricia Stophens Title: Publisher
Title: Publisher
Subscribed and sworn to before me, a notary public for the County
of McCreary, Commonwealth of Kentucky this
day of, 20
My commission expires $03/27/15$
Jandy W. Stephens

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, WITH ITS PRINCIPAL OFFICE AT SOMERSET, KENTUCKY, AND WITH ITS ADDRESS AS 925-929 N. MAIN ST., SOMERSET, KENTUCKY 42503, INTENDS TO FILE WIT. KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00096 AN APPLICATION TO ADJUST ITS RETAIL HATES AND CHARGES. THIS ADJUSTMENT WILL RESULT IN A GENERAL RATE INCREASE TO THE MEMBER-CONSUMEI SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION.

2 Item No. Page 10 of 15

Witness: Jim Adkins

THE RATES PROPOSED IN THIS APPLICATION ARE THE RATES PROPOSED BY SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, HOWEVER, THE KENTUCKY PUBLIC SERVICE COMMISSION MAY ORDER RATES CHARGED THAT DIFFER FROM THESE PROPOSED RATES. SUCH ACTION MAY RESULT IN RATES FOR CONSUMERS OTHER THAN THE RATES IN THIS APPLICATION. ASSOCIATION, BODY POLYTIC, OR PERSON. AS Y MOTION WITHIN THIRTY (30): DAYS AFTER PUBLICATION OR MALLING OF THE PROPOSED RATE CHANGES REQUEST LEAVE TO INTERVENI MOTION SHALL BE SUBMITTED TO THE PUBLIC SERVICE COMMISSION, 21 SOWER BOLLEVARD, PO., BOX 615, FRANKFORT, KENTUCKY 40602, AND SHALL SET FORTH THE GROUNDS FOR THE REQUEST INCLUDING THE STATU INTEREST OF THE PARTY, ANY PERSON, WHO HAS BEEN GRANTED INTERVENTION BY THE COMMISSION MAY OBTAIN COPIES OF THE RATE APPLICATION AND ANY OTHER FILINGS MADE BY THE UTILITY BY CONTACTING MR. STE JOHNSON, SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, 925-929 N. MAIN ST., SOMERBET, KY 42503, PHONE 606-978-4121.

ANY PERSON MAY EXAMINE THE RATE APPLICATION AND ANY OTHER FILINGS MADE BY THE UTILITY AT THE OFFICE OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION OR AT THE COMMISSION'S OFFICE. SOUTH KENTUCKY RECC 925-929 N. MAIN ST SOMERSET, KENTUCKY 42503 608-878-4121 KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD FRANKFORT, KENTUCKY 40802 502-564-3940

	•	
RATE CLASS	#41,350 #41,35	THE AMOUNT AND PERCENT OF INCREASE ARE LISTED BELOW INCREASE INCR
\$0.06373	D PROPOSED RATE STRUCTU COOPERATIVE CORPORATIO COOPERATIVE CORPORATIO PER KWH	SCHEDULE B SMALL COMMERCIAL MARKETING RATE - ETS
400W MATALIDE GALLERIA \$39.88 400W MATALIDE GALLERIA \$22.21 100W METAL HALIDE ACORN \$7.51 100W METAL HALIDE ACORN \$7.51 14 FLUTED FOLE \$11.62 14 FLUTED FOLE \$11.62 14 FLUTED FOLE \$11.62 16 WALLER FOLE \$17.24 10 W METAL HALIDE ACORN \$17.24 10 W METAL HALIDE LEXINGTON \$28.64 40 W METAL HALIDE GALLERIA \$22.21 METERED 10 OW MHAL ACORN \$7.51 250W COBRA EXISTING FOLE \$16.58 250W COBRA EXISTING FOLE \$16.58 250W COBRA EXISTING FOLE \$12.88 400W MERCURY COBRA 12 AGNM \$22.88 400W MERCURY COBRA 12 AGNM \$22.86 100W MATALIDE LEXINGTON \$82.86	WARDER SEC LIGHT	OVER 400 KWH
\$23.21 \$7.81 \$11.62 \$11.62 \$17.24 \$10.81 \$10.81 \$10.81 \$10.81 \$10.81 \$23.21 \$7.81 \$16.56 \$16.	\$10.57 \$10.57 \$10.59 \$10.69 \$10.69 \$10.22 \$10.22 \$11.44 \$41.70 \$11.44 \$11.44 \$11.42 \$10.22 \$10.22 \$14.12 \$1	\$0.09404 \$142.95 395.99 3GE \$16 \$16 \$16 \$16 \$16 \$16 \$16 \$17 \$17 \$18.34 \$18.34 \$18.34

Item No. 2 Page 11 of 15

Witness: Jim Adkins

AFFIDAVIT OF PUBLICATION

I, Paula Vann
of The McCreary County Record, a legal newspaper holding a second class mailing permit, published weekly in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice, as required and prescribed by KRS Chapter,
was published in said newspaper in the issue of
June7, 14, 21, 2011
for which the sum of \$321.64
is due and payable.
Signed: Jawa Vann
Title:composition
Subscribed and sworn to before me, a notary public for the County of McCreary, Commonwealth of
Kentucky, this 23rd
day of June, A.D. 20 11
- arden Sue anders

My Commission expires Dec. 17, 2012

Item No. 2 Page 12 of 15

Witness: Jim Adkins

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Armers in commit

cial Marketing Rate -		Scheule B · Small Commercial Marketing Rate · ETS	15.0%	\$21,390	Street Lighting
Year 3 \$0.06313	Year 3				Schedule STL
Year 2 \$0.05921	Year 2		0%	69	Outdoor Lighting
Year 1 \$0.05528	Year 1				Schedule OL
Consumers with no contract	nsumers with no contra	C _O	9.9%	\$80,592	All Electric School
Consumers with contract \$0.05528	nsumers with contract	င			Schedule AES
Scheule A · Residential Marketing Rate · ETS	ıle A • Residential Ma	Scheu	2.1%	\$106,286	Large Power 3
Energy Rate per kWh \$0.10625	ergy Rate per kWh	En			Schedule LP-3
Customer Charge per month \$34.28	stomer Charge per mor	Cu	0%	6 4	Large Power 2
Schedule OPS	ule OPS	Sched			Schedule LP-2
Demand Charge per kW \$0.06596	nand Charge per kW	De	0%	69 !	Large Power 1
Energy Rate per kWh \$0.06596	ergy Rate per kWh	En			Schedule LP1
Customer Charge per month \$34.28	stomer Charge per mor	Cu	18.8%	\$364	Small Commercial Marketing Rate - ETS
Schedule LP	lule LP	Sched			Schedule B
)65)65	\$0.10965	7.1%	\$41,350	Year 3
Energy Rate per kWh \$0.10389	ergy Rate per kWh	Ħ	7.1%	\$41,350	Year 2
Customer Charge per month \$17.14	stomer Charge per mor	Cu	7.1%	\$41,350	Year 1
!	lule B	Schedule B			Consumers with no contract
189	189	\$0.09489			Residential Marketing Rate - ETS
Energy Rate per kWh \$0.09214	ergy Rate per kWh	덛			Schedule A
Customer Charge per month \$9.14	ustomer Charge per mor	C	15.3%	\$248.043	Optional Power Service
Schedule A	dule A	Sche	4.070	9014,300	Schedule OPS
Present				200	Schedille La
Rates			9.6%	\$833,321	Small Commercial
Flectric Connerative Corporations are listed helow	te Connerstive Corporat	Flect			Schedule B
The present and proposed rate structures of South I	scorative Street Lightin	3 5	7.8%	\$6,668,492	Residential, Farm and Home
	and the same	,			Schedule A
	dule DSTL	Sch	Percent	Amount	Rate Class
Street Lighting \$2.27	Street Lighting	-		Increase	
, , , , , , , , , , , , , , , , , , , ,	edule STL	Sch		e listed below:	The amount and percent of increase are listed below.
Outdoor Lighting \$.	utdoor Lighting				The contraction of the contracti
Schedule Of.	dule Of.	Scho		1-3940	606-678-4121 502-564-3940
All Electric School \$548.24	l Electric School	A	40602	Frankfort, Kentucky 40602	42503
	dule AES	Scher	_	211 Sower Boulevard	
Large Power 3 \$984.13	urge Power 3	Ľ	ommission	Ky. Public Service Commission	South Kentucky RECC Ky. Pr
	TO 12				

\$25.00

Schedule DSTL

Sodium Cobra-HD 100W StLgt Sodium Streetlgt 360 Watts Sodium Streetlgt 160 Watts 400 Watt 19100 Lum-M Mv 250 W Flood 12100 Lum-M Mv

250W Cobra Existing Pole

\$0.06706 \$0.06313

400W Mercury Cobra 12' Arm 100W M/Halide Lexington

\$0.056934

100W Metal Halide Lexington 400W Metal Halide Galleria

\$0.05921

Metered 100W M/Hal Acorn 250W Cobra Existing Pole 250W Cobra 30' Aluminum Pol

\$0.12105

\$50.00

14' Fluted Pole 30' Square Steel Pole 100W Metal Halide Acorn

\$16.56 \$22.88 \$25.21 \$39.88 \$7.81 \$7.81 \$11.62 \$17.24 \$17.24 \$17.24 \$17.24 \$17.24 \$17.24 \$17.24 \$17.24 \$10.81 \$10.

\$ 50.00 0.06914

\$0.06914

14' Smooth Pole 100W Metal Halide Acorn 400W M/Halide Galleria 1000W M/Halide Galleria 250W Cobra 30'Aluminum Pol 250W Cobrá 30' Aluminum Pol

عرضات

ures of South Kentucky Rural sted below.

M/Vapor Sec Light 74 KWH 400W Flood 21000 Lum-M Mv Sodium Streetlgt 380 Watts

å0 80

Schedule STL

Proposed

\$8.48 \$8.48 \$14.12 \$14.12 \$8.48 \$8.48 \$14.12 \$8.48

\$9.5 \$9.5 \$16 \$9.5 \$9.5 \$9.5 \$9.5

\$15.00

::

THE CHARGE	Rate Class	the amount and percent of increase are ilsted below:	THE CONTRACTOR OF THE CONTRACT	606-678-4121	Somerset, Kentucky 42503	925-929 N. Main St	South Kentucky RECC	•	Cooperative Corporation or at the Commission's office	ings made by the utility at the office of South Kentucky Rural Electric	Any person may examine the r	42503: phone 606678-4121	Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY	the utility by contacting Mr. Stenhen Johnson. South Kentucky Bural	may obtain comes of the rate application and any other filings made by	Any person who has been greated	grounds for the request including the status and interest of the narty	PO Boy 615. Front-fort Kontingly, 40609 and shall sat forth the	proposed race citaliges request reave to intervene the motion shall be	more of the shares regular leads to interior of the metion shall be	tion within thirty (20) down after my	tor consumers other than the rates in this application.	for a summer from these proposed races, Such action may result in races	that diffic from these received rates forms offer rates to be charged	Vertically Public Service Cooperative Corporation, However, the	Ine rates proposed in this app	rucky Kural Electric Cooperative Corporation.	in a general rate increase to the member-consumers of South Ken	tion to adjust its retail rates and charges. This Adjustment will result	tucky Public Service Commission in Case No. 2011-00096 an applica-	N. Main St., Somerset, Kentucky 42503, intends to file with the Ken-	principal dince at Semerser, Kentucky, and with its address as 925-929	South Kentucky Kural Electric	Citician		
		ease are used below:		502-564-3940	Frankfort, Kentucky 40602	211 Sower Boulevard	Ky. Public Service Commission		Commission's office.	of South Kentucky Rural Electric	Any person may examine the rate application and any other fil-		25-929 N. Main St., Somerset, KY	n Johnson South Kentucky Rural	ation and any other filings made by	intervention by the Commission	he status and interest of the narty	ry 40609 and shall set forth the	manifold 911 Samer Bouleaned	of informand The motion shall be	Any corporation, association, body public, or person may by mo-	in this appareation.	is this action may result in races	on may order rates to be charged	perative corporation, however, the	the rates proposed in this application are the rates proposed by	orporation.	nember-consumers of South Ken-	arges. This Adjustment will result	Case No. 2011-00096 an applica-	2503, intends to file with the Ken-	ky, and with its address as 925-929	South Kentucky Rural Electric Cooperative Corporation, with its	TAGGE	ZO+: O	
Schedule DSTL	Street Lighting	Schedule STL	Outdoor Lighting	Schedule OL	All Electric School	Schedule AES	Large Power 3	Schedule LP-3	Large Power 2	Schedule LP-2	Large Power 1	Schedule LPI	Small Commercial Marketing Rate - ETS	Schedule B	Consumers with contract	Year 3	Year 2	Year 1	Consumers with no contract	Residential Marketing Rate - ETS	Schedule A	Optional Power Service	Schedule OPS	Large Power	Schedule LP	Small Commercial	Schedule B	Residential, Farm and Home	Schedule A	Rate Class	•	class is listed below:	The effect of the proposed rates on the average monthly bill by rate	Decorative Street Lighting	Schedule DSTL	
	\$2.27		en ,		\$548.24		\$984.13		÷»		5 4-		\$3.79		\$0.75	\$1.79	\$1.79	\$1.79				\$121.89		\$195.04		\$16.35		\$9.02		Amount	Increase		werage monthl	- 6/? ,		
	15.0%		0%		9.9%		2.1%		0%		0%		18.82%		3.0%	7.1%	7.1%	7.1%				15.3%		4.5%		9.6%		7.8%		Percent			y bill by rate	0%		
O. T. J. J. Comm	M/Halide 250W Metered Dir	MHalide 250W Directional	M/Halida 1000W Directional	W/Haide 400W Metered Dir	M/Halide 400W Directional	Sodium Metered Directional	Sodium Directional Light	Sodium Metered Sec Light	Sodium Security Light	M/Vapor Metered Sec Light	M/Vapor Sec Light 74 KWH	M/Halide 260W Metered Dir	Metal Halide 250W Dir	Schedule OL	Energy Rate per kWh	Customer Churge per month	Schedule AES	Energy Rate per kWh	Excess Demand Charge per kW	Contract Demand Charge per kW	Substation Charge	Metering Charge	Schedule LP-3	Energy Charge for all kWh over 400 kWh	Energy Charge for the first 400 kWh	Demand Charge per kW	Substation Charge	Metering Charge	Schedule LP-2	Energy Rate per kWh	Demand Cherge per kW	Substation Charge	Metering Charge	Schedule LP-1	Energy Rate per kWh	
	\$10.22	\$18.34	\$11.70	\$10.22	\$23.14	\$9.18	\$16.99	\$7,23	\$10.57	\$7.23	\$10.57	\$10.22	\$18.34		\$0.08300	\$79.28		\$0.05793	\$8.57	\$6.16	\$359.99	\$142.85		\$0.05404	\$0.06091	\$6.16	\$2,711.98	\$1,857		16090:0\$	\$6.16	\$1,078.84	\$142.85		\$0.06233	
į	\$10	\$18	61.1 14.1	\$10	\$23	\$9.]	\$16	\$7.	\$10	\$7.:	\$10	\$10	\$18		\$0.0	\$83		\$0.0	\$9.:	\$6.:	\$36	\$14		\$0.0	\$0.0	\$ 6	\$2,7	\$1,~		\$0.0	\$6.1	\$1,07	\$14		\$0.C	

Wayne County

Witness: Jim Adkins

The Outlook

45 East Columbia Avenue • P.O. Box 432 Monticello, KY 42633 • Phone (606) 348-3338 • Fax (606) 348-8848 Melinda Jones, Publisher

Newspaper Affadavit

Kentucky do solemn to the files of said po	lly swear th ublication, t	The Wayne County Outleast from my own person the advertisement of: **Elicitics** Outleast from my own person the advertisement of: **Elicitics** Outleast from my own person the advertisement of: **Elicitics** Outleast from my own person my own person my own person from my owi	nal knowledge	e and reference
<u>Date</u>	<u>Page</u>	$\underline{ ext{Column}}$		
10-8-11	24A	4-6		
6-15-11	13B	4-6		
6-22-11	14B	4-6		
	Myle	Publisher		
Subscribed and commission expi	sworn bei	fore me this, <u>2011</u> , A.D. 28-13	22nd	day of

Item No. 2 Page 14 of 15

Witness: Jim Adkins

The Wayne County Outlook • June 15, 2011 13-B

Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address as 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606-678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC 925-929 N. Main St	Kentucky Public Service Commissi 211 Sower Boulevard	on
Somerset, Kentucky 42503 606-678-4121	Frankfort, Kentucky 40602 502-564-3940	
The amount and percent of increase are listed below: Rate Class	<u> </u>	D
Schedule A	Increase Amount	Percent
Residential, Farm and Home	tc ccn 400	7.0~
Schedule B	\$6,668,492	7.8%
Small Commercial	\$833,321	9.6%
Schedule LP		
Large Power	\$814,306	4.5%
Schedule OPS		
Optional Power Service	\$248,043	15.3%
Schedule A		
Residential Marketing Rate - ETS :		
Consumers with no contract		
Year 1	\$41,350	7.1%
Year 2	\$41,350	7.1%
Year 3	\$41,350	71%
Schedule B		
Small Commercial Marketing Rate - ETS	\$364	18.8%
Schedule LP1		10.070
Large Power 1	\$-	0%
Schedule LP-2	J	0 70
Large Power 2	\$-	0%
Schedule LP-3	\$-	070
Large Power 3	8104.004	0.10
	\$106,286	2.1%
Schedule AES		
All Electric School	\$80,592	9.9%
Schedule OL	_	
Outdoor Lighting	\$ -	0%
Schedule STL		
Street Lighting	\$21,390	15.0%
Schedule DSTL		
Decorative Street Lighting	\$-	0%
	•	
The effect of the proposed rates on the average monthly bill b	y rate class is listed below:	
Rate Class	Increase Amount	Percent
Schedule A		
Residential, Farm and Home	\$9:02	7.8%
Schedule B	•	
Small Commercial	\$16.35	9.6%
Schedule LP		
Large Power	\$195.04	4.5%
Schedule OPS		
Optional Power Service	\$121 89	15.3%
Schedule A	4.22.09	
Residential Marketing Rate - ETS		
Consumers with no contract	•	
Year 1	\$1.79	7.1%
Year 2	\$1.79	7.1%
Year 3		
	\$1.79	7.1%
Consumers with contract	\$0.75	3 0%
Schedule B	en vo	
Small Commercial Marketing Rate - ETS	\$3.79	18 82%
Schedule LPI		
Large Power 1	\$ -	0%
Schedule LP-2		
Large Power 2	\$-	0%
Schadula I D.3		

Witness: Jim Adkins

Schedule STL
Street Lighting \$2.27 . 15.0%
Schedule DSTL
Decorative Street Lighting \$. 0%

Decorative Street Lighting	5 -	0%
The present and proposed rate structures of South Kentucky	Pural Electric Consenting Composition	r are listed belows
The present and proposed tale structures of South Reinderky	Present Rates	Proposed Rates
Schedule A	A. A. M.	TIMPROMITMEN
Customer Charge per month	\$9.14	\$15.00
Energy Rate per kWh	\$0.09214	\$0.09489
Schedule B	•	
Customer Charge per month	\$17.14	\$25.00
Energy Rate per kWh	\$0.10389	\$0.10965
Schedule LP Customer Charge per month	634.00	CCD DD
Energy Rate per kWh	\$34.28 \$0.06596	\$50.00 \$0.06914
Demand Charge per kW	\$0.06596	\$0.06914
Schedulé OPS		
Customer Charge per month	\$34.28	\$50.00
Energy Rate per kWh	\$0.10625	\$0.12105
Scheule A · Residential Marketing Rate - ETS		
Consumers with contract	\$0.06	\$0.06
Consumers with no contract Year 1	\$0.05528	\$0.05921
Year 2	\$0.05528 \$0.05921	\$0.06313
Year 3	\$0.06313	\$0.06706
Scheule B - Small Commercial Marketing Rate - ETS		
Energy Rate per kWh	\$0.06233	\$0.07406
Schedule LP-1		
Metering Charge	\$142.85	\$142.85
Substation Charge	\$1,078,84	\$1,078.84
Demand Charge per kW	\$6.16	,\$6.16°
Energy Rate per kWh Schedule LP-2	\$0.06091	\$0.06091
Metering Charge	\$1,857	\$1,857
Substation Charge	\$2,711.98	\$2,711.98
Demand Charge per kW	\$6.16	\$6
Energy Charge for the first 400 kWh	\$0.05091	\$0.06091
Energy Charge for all kWh over 400 kWh	\$0.05404	\$0.05404
Schedule LP-3	-	*
Metering Charge	-\$142.85	\$145.86
Substation Charge	\$359.99	\$367.59
Contract Demand Charge per kW	\$6.16	\$6.29
Excess Demand Charge per kW	\$8.57	\$9.13
Energy Rate per kWh	\$0.05793	\$0.05915
Schedule AES	***	***
Customer Charge per month	\$79.28	\$83.02
Energy Rate per kWh Schedule OL	- \$0.08300	\$0.09127
Metal Halide 250W Dir	\$18.34	\$18.34
M/Halide 260W Metered Dir	\$10.22	\$10.22
M/Vapor Sec Light 74 KWH	\$10.57	\$10.57
M/Vapor Metered Sec Light	\$7.23	\$7.23
Sodium Security Light	\$10.57	\$10.57
Sodium Metered Sec Light	\$7.23	\$7.23
Sodium Directional Light	\$16.99	\$16.99
Sodium Metered Directional	\$9.18	\$9.18
M/Halide 400W Directional	\$23.14	\$23.14
M/Halide 400W Metered Dir	\$10.22	\$10.22
M/Halide 1000W Directional	\$41.70	\$41.70
M/Halide 1000W Metered Dir M/Halide 250W Directional	\$11.41 \$18.34	\$11.41 \$18.34
M/Halide 250W Metered Dir	\$10.22	\$10.22
Schedule STL	man and the desired	
M/Vapor Sec Light 74 KWH	\$8.48	\$9.75
400W Flood 21000 Lum-M Mv	\$8.48	\$9.75
Sodium Streetigt 380 Watts	\$14.12	\$16.24
250 W Flood 12100 Lum-M Mv	\$14.12	\$16.24
400 Watt 19100 Lum-M Mv	\$8.48	\$9.75
Sodium Streetlgt 160 Watts	\$8.48	\$9.75
Sodium Streetlgt 360 Watts	\$14.12	\$16.24
Sodium Cobra-HD 100W Streetigt Schedule DSTL	\$8.48	\$9.75
250W Cobra Existing Pole	\$16.56	\$16.56
250W Coora Existing Pole 250W Cobra 30' Aluminum Pol	\$22.88	\$22.88
250W Cobra 30' Aluminum Pol	\$25.21	\$25.21
1000W M/Halide Galleria	\$39.88	\$39.88
400W M/Halide Galleria	\$23.21	\$23.21
100W Metal Halide Acom	\$7.81	\$7.81
14' Smooth Pole	\$11.62	\$11.62
14' Fluted Pole	\$15 04	\$15.04
30' Square Steel Pole	\$17.24	\$17.24
100W Metal Halide Acom	\$10.81	\$10.81
100W Metal Halide Lexington	\$8.64	\$8.64
400W Metal Halide Galleria	\$23 21	\$23.21
Metered 100W M/Hal Acom 250W Cobra Existing Pole	\$7.81 \$16.56	\$7.81 \$16.56
250W Cobra Existing Pole 250W Cobra 30' Aluminum Pol	\$22.88	\$22.88
400W Mercury Cobra 12' Arm	\$22.86	\$22.86
100W M/Halide Lexington	\$8.64	\$8.64
	and the state of t	•

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Page 1 of 2

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Refer to the response to Item 3 of Staffs Second Data Request and revised Exhibit D of the application. The response to Item 3 states that the STL tariff rates are based on a lumens rating range.

a. Question:

Provide the amount of lumens for the 1st, 3rd, 6th, 7th, and 8th street lights listed in Schedule STL of revised Exhibit D.

a. Response:

The lumens for these lights are these:

•	1 st light	7,700 lumens
•	3 rd light	50,000 lumens
8	6 th light	15,000 lumens
•	7 th light	50,000 lumens
6	8 th light	9,500 lumens

b. Question:

The 4th street light listed in Schedule STL of revised Exhibit D, the 250W Flood 12,100 Lumen Mercury Vapor, is shown as having a present rate of \$13.12. Explain how it is known which rate would apply to this light when the amount of lumens listed for the light does not fall within the 7,000-10,000 range shown in South Kentucky's current tariff as having a rate of \$8.02 or the 15,000-28,000 lumen range shown as having a rate of \$13.12.

b. Response:

It is one of the lights from the city of Monticello and has been placed in this category because of its previous rate for that utility. It probably should be considered for change.

Item No. 3 Page 2 of 2

Witness: Jim Adkins

c. Question:

The 5th street light listed in Schedule STL of revised Exhibit D, the 400W 19,100 Lumen Mercury Vapor, is shown as having a present rate of \$8.02 when the amount of lumens listed for the light would have it fall within the 15,000-28,000 lumen range which is shown in South Kentucky's current tariff as having a rate of 13.12.

c. Response:

It is one of the lights from the city of Monticello and has been placed in this category because of its previous rate for that utility. It probably should be considered for change.



Item No.4 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to response to Items 5.a.(2) and 20.a. of Staffs Second Request. Item 5.2.(a) states the target equity is 35 percent in 15 years. Item 20.a. states that South Kentucky has a goal of attaining an equity level of 40 percent. Confirm that the response to Item 5.a.(2) contains the correct equity target.

Response:

The correct goal is an equity capitalization ratio of 35 percent in 15 years.

Item No.5 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to the response to Item 5.e.(3) of Staffs Second Request. South Kentucky states that there are 471 residential customers under contract but shows 483 contracts expiring between 2012 and 2021. Explain the discrepancy.

Response:

The difference is due to the number of contracts that will expire this year or 2011 and that number is 12, which is the difference in the above question.

Item No.6 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to the response to Item 5.e.(4) of Staffs Second Request regarding residential ETS customers. The response sates that "[o]nce a contract expires, the ETS customer will go on the regular ETS rate which is currently proposed to be \$0.06705." The \$0.06705 referenced in the response does not appear in revised Exhibit D, South Kentucky's revised customer notice. For residential customers without contracts, South Kentucky is proposing different residential ETS rates for years 1, 2, and 3. State whether South Kentucky intends to state that the first year after a customers contract expires, the customer will be charged the proposed Year 1 rate, the second year, the customer will be charged the proposed Year 2 rate, and in the third year the customer would be charged the Year 3 rate.

Response:

That is South Kentucky's plan.

Item No.7 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to the 15th Revised Tariff Sheet No. T-2 filed on July 6, 2011. For residential customers without contracts, South Kentucky is proposing different residential ETS rates for years 1, 2, and three. Confirm that the Year 3 rates is proposed for Year 3 and beyond and not limited to Year 3. If this is not correct, explain how the ETS service will be priced after Year 3.

Response

It is confirmed that the Year 3 rate is proposed for Year 3 and beyond.

Item No.8 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to the response to Item 6 of Staff's Second Request, Revised Exhibit G, Revenue Summary. The revised exhibit shows an annual base rate revenue increase of \$8,847,915. Exhibit G of the application shows an annual increase of \$8,896,843. Explain the reason for the decrease in base revenue of 48,928.

Response:

The gross margin change after the normalization of the retail rates and wholesale power rates effective as of May 31, 2011 is the reason for the decrease in base revenues or the amount of increase in revenue required.

SOUTH KENTUCKY RECC CASE NO. 2011-00096

REVENUE SUMMARY

TO STATE OF THE PARTY OF THE PA	100	ZBD: CBD: CBD:	inth inth inth	Edia Gda	CORTA	Τ	Т	ithia trake	##	11111	100	180	4	oth:	ERE ERE	into	58t	100	cata cata	12 to		1 1 1	2 2 2	a l	trata trata	## ## ## ## ## ## ## ## ## ## ## ## ##
	l otal from base rates		9	### Decorative Street Lighting	### Street Lighting	Schedule III - Outdoor Lights	Envirowatts	### Schedule AES - All Electric Schools	### Schedule LP-3 Large Power 3	### Schedule LP2 - Large Power 2	## Schedule LP1 - Large Power 1	### Rate B - Small Commercial Marketing Rate - B	### Schedule A - Residential Marketing Rate - ETS	### Schedule OPS - Optional Power Service	### Schedule LP - Large Power Rate	### Schedule B - Small Commercial	### Schedule A - Residential		4	# Schedule		On the second se	7		4	-63
	1,315,688,464			213,529	1,143,973	20,414,835	223,100	9,678,600	69,748,929	44,424,472	15,182,167	31,036	10,530,533	14,598,187	204,613,675	75,104,607	849,780,821			Useage	Kwh					
	122,474,244			64,591	135,260	3,065,140	6,685	781,593	4,830,723	3,143,383	1,072,773	1,855	558,329	1,554,300	17,369,554	8,320,816	\$81,569,242			Revenue	Test Year					
				0.05%	0.11%	2.50%	0.01%	0.64%	3.94%	2.57%	0.88%	0.00%	0.46%	1.27%	14.18%	6.79%	66.60%			Total	of	Percent				
	100.00% \$127,711,769	-		67,356	142,765	3,195,321	6,685	814,978	S	3,277,657	1,118,602	1,934	582,128	1,620,817	18,114,930	8,676,449	\$85,054,910			2010-182	Case No.		Effective	3		
	100%			0.05%	0.11%	2.50%	0.01%	0.64%	3.94%	2.57%	0.88%	0.00%	0.46%	1.27%	14.18%	6.79%	66.60%			Total	of	Percent				
	\$118,926,652			65,912	134,711	3,071,971	6,685	750,035	4,569,222	2,979,569	1,016,729	1,810	539,795	1,522,863	16,741,972	8,172,497	\$79,352,881			2010-00510	Case No.		Effective	1 3		
	100%			0.06%	0.11%	2.58%	0.01%	0.63%	3.84%	2.51%	0.85%	0.00%	0.45%	1.28%	14.08%	6.87%	66.72%			Total	of	Percent				
	100% \$127,774,576					3,071,971				2	1,01				_	9,003,565	\$85,970,386			Revenue	Proposed					
	100%			0.05%	0.12%	2.40%	0.01%	0.65%	3.68%	2.33%	0.80%	0.00%	0.55%	1.39%	13.69%	7.05%	67.28%			Total	of	Percent				
	100% \$ 8,847,924.45	The second secon		\$0	\$20,207	\$0	\$0	\$82,447	\$128,016	\$0	\$0	\$492	\$167,225	\$248,043	\$752,922	\$831,068	\$6,617,505			Amount	Increase					
	7.44%			0.00%	15.00%	0.00%	0.00%	10.99%	2.80%	0.00%	0.00%	27.17%	30.98%	16.29%	4.50%	10.17%	8.34%			Percent	,,					

Exhibit G Page 1 of 1 Witness: Jim Adkins

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Item No.9 Page 1 of 2

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Refer to the response to Item 6 of Staff's Second Request, revised Exhibit J, billing analysis.

a. Question:

For those rate classes receiving an increase, explain why the proposed rates in revised Exhibit J differ from the proposed rates listed in revised Exhibit D, Customer Notice. If the rates being proposed by South Kentucky are the rates that appear in revised Exhibit D, provide second a second-revised Exhibit J using those rates.

a. Response:

The proposed rates in the revised Exhibit J are the rates being proposed by South Kentucky and do differ from those in the revised Exhibit D. The reason for those differences in rates is that South Kentucky's gross margins (rate revenue minus purchased power costs) increased by \$69,670.

SOUTH KENTUCKY RECC CHANGE IN GROSS MARGINS DUE TO CHANGE IN RATES						
Rates 1-17-11 Rates 5-31-11						
Revenue	\$	127,711,769	\$	118,926,591		
Purchased Power		96,762,966		87,908,118		
Gross Margin	\$	30,948,803	\$	31,018,473		
Change			\$	69,670		

Item No.9 Page 2 of 2

Witness: Jim Adkins

This increase in gross margins lessens the increase need by the above amount and the filed revised Exhibit J reflects those changes.

b. Question:

Refer to the top of page 6 of 6, the Street Lighting class. The 2nd light listed, the 400W Flood 21,000 Lumen Mercury Vapor, is shown to have a current rate of \$8.02. Explain why this light would have a current rate of \$8.02 when the amount of lumens listed for the light would have it fall within the 15,000 - 28,000 lumen range wich is shown in South Kentucky's current tariff as having a rate of \$13.12.

b. Response:

The correct rate is \$13.12. The rate of \$8.02 was made in error and has been corrected as a part of the 2nd revised Exhibit D provided in the response to 9a above.

Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address as 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC 925-929 N. Main St Somerset, Kentucky 42503 606-678-4121 Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40602 502-564-394 The amount and percent of increase are listed below

Rate Class	Rate Class Inc.		
Schedule A			
Residential, Farm and Home	\$	6,617,505	8.3%
Schedule B			
Small Commercial	\$	831,068	10.2%
Schedule LP			
Large Power	\$	752,922	4.5%
Schedule OPS			
Optional Power Service	\$	248,043	16.3%
Schedule A			
Residential Marketing Rate - ETS			
Consumers with no contract			
Year 1	\$	55,742	10.3%
Year 2	\$	55,742	10.3%
Year 3	\$	55,742	10.3%
Schedule B	_		
Small Commercial Marketing Rate - ETS	\$	2,301	27.2%
Schedule LP1	•		201
Large Power 1	\$	-	0%
Schedule LP-2	•		00/
Large Power 2	\$	-	0%
Schedule LP-3	•	400.040	0.00/
Large Power 3	\$	128,016	2.8%
Schedule AES	•	00.447	44.00/
All Electric School	\$	82,447	11.0%
Schedule OL	ው		00/
Outdoor Lighting	\$	-	0%
Schedule STL	æ	20	15.0%
Street Lighting	\$	20	15.0%
Schedule DSTL December 2 Street Lighting	\$		0%
Decorative Street Lighting	Ф	-	0%

The effect of the proposed rates on the average monthly bill by rate class is listed below

Rate Class	-	ncrease Amount	Percent
Schedule A			
Residential, Farm and Home	\$	8.95	8.3%
Schedule B	_		
Small Commercial	\$	16.30	10.2%
Schedule LP	•		4
Large Power	\$	180.34	4.5%
Schedule OPS			40.004
Optional Power Service	\$	121.89	16.3%
Schedule A			
Residential Marketing Rate - ETS			
Consumers with no contract	•		
Year 1	\$	2.41	10.3%
Year 2	\$	2.41	10.3%
Year 3	\$	2.41	10.3%
Consumers with contract	\$	0.73	3.2%
Schedule B			
Small Commercial Marketing Rate - ETS	\$	20.48	2720.00%
Schedule LP1			
Large Power 1	\$	-	0%
Schedule LP-2			
Large Power 2	\$		0%
Schedule LP-3			
Large Power 3	\$	1,185.33	2.8%
Schedule AES			
All Electric School	\$	560.86	11.0%
Schedule OL			
Outdoor Lighting	\$	-	0%
Schedule STL			15.0%
Street Lighting \$ 1.28			
Schedule DSTL			
Decorative Street Lighting	\$	-	0%

The present and proposed rate structures of South Kentucky Rural Electric Cooperative Corporations are listed below.

		Rate	
		<u>Present</u>	<u>Proposed</u>
Schedule A			
Customer Charge per month	\$	9.14	\$15.00
Energy Rate per kWh	\$	0.08543	\$ 0.08812
Schedule B			
Customer Charge per month	\$	17.14	\$ 25.00
Energy Rate per kWh	\$	0.09718	\$ 0.10291
Schedule LP			
Customer Charge per month	\$	34.28	\$ 50.00
Energy Rate per kWh	\$	0.05925	\$ 0.62130
Demand Charge per kW	\$	6.85	\$7.00
Schedule OPS		40400	
Customer Charge per month	•	\$34.28	\$ 50.00
Energy Rate per kWh	\$	0.09954	\$ 0.11434
Scheule A - Residential Marketing Rate - ETS	•	0.07100	
Consumers with contract	\$	0.05126	\$ 0.05281
Consumers with no contract			
Year 1	\$	0.05126	\$ 0.05655
Year 2			\$ 0.06185
Year 3			\$ 0.06714
Scheule B - Small Commercial Marketing Rate - ETS			
Energy Rate per kWh	\$	0.05831	\$ 0.07415
Schedule LP-1			
Metering Charge	\$	142.85	\$ 142.85
Substation Charge - 500-999 kW	\$	359.99	\$ 359.99
Substation Charge 1,000-2,999 kW	\$	1,078.84	\$ 1,078.84
Substation Charge 3,000-7,499 kW	\$ \$ \$	2,711.96	\$ 2,711.96
Demand Charge per kW		6.16	\$ 6.16
Energy Rate per kWh	\$	0.05420	\$ 0.05420
Schedule LP-2	_		
Metering Charge	\$	142.85	\$ 142.85
Substation Charge 3,000-7,499 kW	\$	2,711.96	
Substation Charge - 7,500 - 14,999 kW	\$	3,262.80	\$ 3,262.80
Demand Charge per kW	•	\$6.16	\$6.16
Energy Charge for the first 400 kWh	\$	0.05420	\$ 0.05420
Energy Charge for all kWh over 400 kWh	\$	0.04733	\$ 0.04733
Schedule LP-3	Φ	440.05	
Metering Charge	\$	142.85	\$ 146.86
Substation Charge - 500-999 kW	\$	359.99	\$ 370.14
Substation Charge 1,000-2,999 kW	\$ \$ \$	1,078.84	\$ 1,109.26
Contract Demand Charge per kW	ф Ф	6.33	\$ 6.29
Excess Demand Charge per kW	\$ \$	9.19	\$ 9.13
Energy Rate per kWh	Ф	0.05122	\$ 0.05266

	Rates		
	Present	_ <u>Р</u>	roposed
Schedule AES			
Customer Charge per month	\$ 104.20	\$	83.02
Energy Rate per kWh	\$ 0.07629	\$	0.08443
Schedule OL			
Metal Halide 250W Dir	\$ 17.63	\$	17.63
M/Halide 260W Metered Dir	\$ 10.22	\$	10.22
M/Vapor Sec Light 74 KWH	\$ 10.17	\$	10.17
M/Vapor Metered Sec Light	\$ 7.23	\$	7.23
Sodium Security Light	\$ 10.17	\$	10.17
Sodium Metered Sec Light	\$ 7.23	\$	7.23
Sodium Directional Light	\$ 16.28	\$	16.28
Sodium Metered Directional	\$ 9.18	\$	9.18
M/Halide 400W Directional	\$ 22.02	\$	22.02
M/Halide 400W Metered Dir	\$ 22.02	\$	22.02
M/Halide 1000W Directional	\$ 39.05	\$	39.05
M/Halide 1000W Metered Dir	\$ 11.41	\$	11.41
M/Halide 250W Directional	\$ 17.63	\$	17.63
M/Halide 250W Metered Dir	\$ 10.22	\$	10.22
Schedule STL			
M/Vapor Sec Light 74 KWH	\$ 8.02	\$	9.22
400W Flood 21000 Lum-M Mv	\$ 13.12	\$	15.09
Sodium Streetlgt 380 Watts	\$ 13.12	\$	15.09
250 W Flood I2I00 Lum-M Mv	\$ 13.12	\$	15.09
400 Watt I9I00 Lum-M Mv	\$ 8.02	\$	9.22
Sodium Streetlgt 160 Watts	\$ 8.02	\$	9.22
Sodium Streetlgt 360 Watts	\$ 13.12	\$	15.09
Sodium Cobra-HD 100W StLgt	\$ 8.02	\$	9.22

Schedule DSTL

DSTL		Rates	<u> </u>	
	<u>Present</u> <u>Pro</u>			oposed
250W Cobra Existing Pole	\$	15.89	\$	15.89
250W Cobra 30' Aluminum Pol	\$	22.21	\$	22.21
250W Cobra 30'Aluminum Pol	\$	22.21	\$	22.21
1000W M/Halide Galleria	\$	37.23	\$	37.23
400W M/Halide Galleria	\$	22.09	\$	22.09
100W Metal Halide Acorn	\$	7.81	\$	7.81
14' Smooth Pole	\$	11.62	\$	11.62
14' Fluted Pole	\$	15.04	\$	15.04
30' Square Steel Pole	\$	17.24	\$	17.24
100W Metal Halide Acorn	\$	10.51	\$	10.51
100W Metal Halide Lexington	\$	8.34	\$	8.34
400W Metal Halide Galleria	\$	22.09	\$	22.09
Metered 100W M/Hal Acorn	\$	7.81	\$	7.81
250W Cobra Existing Pole	\$	15.89	\$	15.89
250W Cobra 30' Aluminum Pol	\$	22.21	\$	22.21
400W Mercury Cobra 12' Arm	\$	21.74	\$	21.74
100W M/Halide Lexington	\$	8.34	\$	8.34

Page 1 of 3 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Refer to the response to Item 7 of Staff's Second Request, the revised Cost of Service Study ("COSS").

a. Question:

Refer to page 35 of 41, the Consumer and Accounting Services table.

Explain why column 3 is not the product of columns 1 and 2 for rate classes OL and STL.

a. Response:

The formula entered into this cell was incorrect and provided an amount of 0.30 which rounded to zero since no spaces to the right of the decimal was displayed.

b. Question:

Refer to page 36 of 41, the COSS-based rate increase for Rate 4, Large Power, is shown as \$16,952. Explain why South Kentucky is recommending an increase for this class of \$753,389.

b. Response:

South Kentucky is recommending an increase for this rate class in order to lessen the rate increase amount for some other rate classes especially for Schedule OPS – Optional Power Service. Schedule OPS is for customers approximately the same size as those in Schedule 4 – Large Power.

c. Question:

Refer to page 36 of 41. The COSS based rate increase for Rate 5,

Optional Power Service, is shown as \$430,728. Explain why South Kentucky is recommending an increase for this class of \$248,000.

c. Responses:

South Kentucky is recommending a lesser amount to hold the percentage increase to a more reasonable level for that class and to gradually increase its revenue requirements to the level from the COSS.

d. Question:

Refer to page 36 of 41. South Kentucky is recommending a rate increase of 30.98 percent for Rate 6, Residential ETS and 27.16 percent for Rate 7, Small Commercial ETS. Explain how percentage increases of this magnitude satisfy the principal of gradualism.

d. Response:

South Kentucky realizes that this does not meet the concept of gradualism but it feels that these rates have been discounted in the past and are now proposed to bring them up to the cost to serve level.

e. Question:

Refer to page 37 of 41. South Kentucky is not recommending an increase for the Outdoor Lighting class. The COSS filed as Exhibit R of the application showed that the Outdoor Lighting class was providing revenues in excess of the costs to serve it. However, the revised COSS shows that the Outdoor Lighting class should receive a \$52,518 increase. In light of the results of the revised COSS, does South Kentucky now believe that this rate class should receive an increase? If no, explain.

Item No.10

Page 3 of 3 Witness: Jim Adkins

Response: e.

South Kentucky did not propose an increase as the increase would be a percentage increase of 1.71 percent. South Kentucky may be willing to consider that proposition.

Item No. 11 Page 1 of 3

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

11. Refer to the response to Item 11 of Staff's Second Request. The response does not contain an answer to Item d. of the request. Provide the requested response.

Response to Question #11

South Kentucky apologizes for this omission. Below is the response where the numbers come from Exhibit S of the application.

Item No. 11 Page 2 of 3

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Equity Capitalization

September 30, 2010

		Test	
		Year	
	Proposed	2010	2009
Equity Capitalization: Without G & T patronage Capital			
Total margins and equities Less G & T Patronage capital	72,337,734 <u>22,924,768</u> 49,412,966	61,157,341 22,924,768 38,232,573	52,863,269 22,924,768 29,938,501
Long-term debt	143,837,704	143,837,704	132,904,854
Total	193,250,670	182,070,277	162,843,355
Equity capitalization ratio	<u>26%</u>	<u>21%</u>	<u>18%</u>

Item No. 11

Page 3 of 3

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Equity Capitalization: With G & T patronage capital						
Total margins and equities Long-term debt	72,337,734 143,837,704	61,157,341 143,837,704	52,863,269 132,904,854			
Total	216,175,438	204,995,045	185,768,123			
Equity capitalization ratio	<u>33%</u>	<u>30%</u>	<u>28%</u>			
Equity to Total Assets: With G & T patronage capit	<u>al</u>					
Total margins and equities Total Assets	72,337,734 233,971,512	61,157,341 222,791,119	52,863,269 203,639,361			
Equity to total asset ratio	<u>31%</u>	<u>27%</u>	<u>26%</u>			

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Refer to the responses to Items 12.b., 31, and 34.e of Staffs Second Request. At Item 31, South Kentucky makes it clear that it seeks to recover depreciation on the full amount of its meter replacement program. At Item 12.b. and 34.e., South Kentucky identifies additional costs and savings that will result form the meter replacement program. In its response, South Kentucky quantified some of these identified costs and savings but not all.

a. Question:

Quantify the cost and saving that were not quantified in the response:

a. Response:

AMI.

Attached below is our best estimate of annual savings as a direct result of

ANNUAL AMI COST SAVINGS							
Acct #	<u>Description</u>	4	<u>Amount</u>				
586	Meter Expense	\$	320,000				
902	Meter Reading		464,726				
Unk	Estimate for Other Savings		100,000				
	Total	\$	784,726				

b. Question:

State why it is appropriate to recognize in pro forma operations only the depreciation on the meter replacement program and not the other costs and savings resulting from the replacement program as identified by South Kentucky.

b. Response:

It is appropriate to properly match revenues, expenses and savings dealing with all pro forma adjustments. The savings should be recognized.

c. Question:

Will eliminating the need for meters to be read on site result in the loss of any revenue, such as a change for re-reading a meter at the customer's request? If yes, provide a schedule showing each charge to be eliminated and the test year annual revenue from the charge to be eliminated.

c. Response:

The lost revenue amount that South Kentucky may realize as a result of the installation of the AMI network is the revenue associated with Account 451 — Miscellaneous Revenue and it is estimated to be approximately \$16,000 per year and most of it due to no longer needing to re-read a meter.

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Question:

Refer to the response to Item 19 of Staff's Second Request. Explain why the amounts calculated in this response for the residential and small commercial ETS rates are not the rates proposed by South Kentucky for those rate classes in its application.

Response:

I believe that the difference is due to the fact that some changes were made to various rates in order for the total amount of the increase to be approximately the SKRECC Board of Directors approved increase amount. Based on the original application which was based on the rates effective January 17, 2011, the difference for both rate classes to \$0.00001 per kWh.

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South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

14. Refer to the response to Item 20 of Staff's Second Request. The responses to 20.c.(1) and (2) state that revisions were made after the adjustments were entered on page 3 of Exhibit S. Provide an updated Exhibit S with the correct adjustments. The updated Exhibit S should also include the revised revenue and purchased power amounts resulting from the change in the base fuel rate in Case No. 2010-00510¹.

Response to Question#14.

See attached information.

¹ Case No. 2010-00510, An Examination of the Application of the Fuel Adjustment Clause of South Kentucky Rural Electric Cooperative Corporation from November 1, 2008 through October 31, 2010 (Ky. PSC May 31, 2011).

2	Sout	th Kentucky Ru	ıral Electric Co	operative		Exhibit S
3			page 1 of 4			
4		Statement of C	Operations, Adjust	ted	Witn	ess: Jim Adkins
5		Actual	Normalized	Norma alima d	Duomanad	Duence
6		Test Year	Adjustments	Normalized <u>Test Year</u>	Proposed Increase	Proposed <u>Test Year</u>
7 8		restream	7 tajustinents	1CSt 1Cai	morease	rest real
9	Operating Revenues:					
10	Base rates	122,474,242	(3,547,653)	118,926,589	8,900,000	127,826,589
11	Fuel and surcharge	(2,964,439)	2,964,439	, , -	, ,	-
12	Other electric revenue	3,218,398	56,365	3,274,763		3,274,763
13	-	<u> </u>	<u> </u>	ALIMAN AND AND AND AND AND AND AND AND AND A		
14		122,728,201	(526,849)	122,201,352	8,900,000	131,101,352
15	_					
16	Operating Expenses:					
17	Cost of power	91,617,995	(3,714,620)	87,903,375		87,903,375
18	Fuel and surcharge	(2,445,262)	2,445,262	· · · · · · · · · · · · · · · · · · ·		· · ·
19	Distribution - operations	3,541,520	84,493	3,626,013		3,626,013
20	Distribution - maintenance	6,825,070	55,087	6,880,157		6,880,157
21	Consumer accounts	4,119,541	36,162	4,155,703	•	4,155,703
22	Customer service	717,597	10,560	728,157		728,157
23	Sales	22,271	2,218	24,489		24,489
24	Administrative and general	3,959,964	(457,855)	3,502,109		3,502,109
25	_					
26	Total operating expenses _	108,358,696	(1,538,692)	106,820,004	-	106,820,004
27						
28	Depreciation	5,618,934	3,551,492	9,170,426		9,170,426
29	Taxes - other	112,330	-	112,330		112,330
30	Interest on long-term debt	6,087,075	207,638	6,294,713		6,294,713
31	Interest expense - other	59,074	-	59,074		59,074
32	Other deductions	65,474	(60,790)	4,684		4,684
33						
34	Total cost of electric service_	120,301,583	2,159,648	122,461,231	-	122,461,231
35						
36	Utility operating margins _	2,426,618	(2,686,497)	(259,879)	8,900,000	8,640,121

100,164

93,247

261,565

194,997

1.03

1.00

8,900,000

(100)

100,164

93,247

261,565

2.44

2.41

9,094,997

(100)

100,164

93,247

261,565

4,918,417

7,799,911

2.28

1.44

(100)

(4,918,417)

(7,604,914)

37

38

39

40

41

42 43

44 45

46 47

48 49 50 Nonoperating margins, interes

Income from equity investmen

Nonoperating margins, other

G & T capital credits

Net Margins

TIER

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Patronage capital credits

1 2 3 4	South Kentucky Ru Case No Balance S Septemb	Exhibit S page 2 of 4 Witness: Jim Adkins		
5		Actual	Adjustments	Adjusted
6 7		Test Year	to Test Year	Test Year
8	ASSETS	<u>1031 1041</u>	to rest rear	<u>rest rear</u>
9	7100210			
10	Electric Plant:			
11	In service	198,773,326	14,218,717	212,992,043
12	Under construction	4,182,904	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	4,182,904
13	-	202,956,230	14,218,717	217,174,947
14	Less accumulated depreciation	41,950,551	3,559,178	45,509,729
15		161,005,679	10,659,539	171,665,218
16	-		**************************************	
17	Investments	32,295,122		32,295,122
18			***************************************	
19	Current Assets:			
20	Cash and temporary investments	16,982,425		16,982,425
21	Accounts receivable, net	7,524,630		7,524,630
22	Material and supplies	3,158,551		3,158,551
23	Prepayments and current assets	1,824,712		1,824,712
24	· · ·	29,490,318		29,490,318
25				
26	Net change in assets	•	520,854	520,854
27				
28	Total _	222,791,119	11,180,393	233,971,512_
29	-			
30	MEMBERS' EQUITIES AND LIA	<u>ABILITIES</u>		
31				
32	Margins:			
33	Memberships	1,287,781		1,287,781
34	Other equities	59,908,458	9,538,234	69,446,692
35	Patronage capital _	(38,898)	1,642,158	1,603,260
36	<u>-</u>	61,157,341	11,180,393	72,337,734
37				
38	Long Term Debt	143,837,704		143,837,704
39				
40	Accumulated postretirement benefits _	4,945,709		4,945,709
41				
42	Current Liabilities:			-
43	Notes payable	40,724		40,724
44	Accounts payable	8,687,113		8,687,113
45	Consumer deposits	970,253		970,253
46	Accrued expenses	2,416,482		2,416,482
47	-	12,114,572	*	12,114,572_
48				
49	Consumer advances for construction _	735,793		735,793_
50	~ · ·	000 704 440	44 400 000	000 074 540
51	Total =	222,791,119	11,180,393	233,971,512

South Kentucky Rural Electric Cooperative Summary of Adjustments to Test Year Case No. 2011-00096

Base rates

Operating Revenues: Patronage capital credits Nonoperating margins, other G&T capital credits Nonoperating margins, interest Income from equity investments Operating Expenses: Fuel and surcharge Fuel and surcharge Other electric revenue Interest expense - other Consumer accounts Distribution - maintenant Distribution - operations Interest on long-term debt Depreciation and amortization Administrative and gener Total operating expense Utility operating margin Total cost of electric ser Salaries Adj i (58,346) (12,773) (18,282) (12,902) (3,696) (796) (9,898) (58,346) 58,346 58,346 0 0 Payroll Taxes Adj 2 (180) (258) (182) (52) (11) (824) (140) (824) 824 824 Deprec & Amortization (3,559,178) (3,559,178) 3,559,178 3,551,492 Adj 3 7,686 2,811 4,112 188 256 Property Tax Adj 4 (48,050) (48,050) 48,050 48,050 46,068 1,982 Interest (207,638) Adj 5 (207,638) 207,638 207,638 FAS 106 Cost Adj 6 9,587 13,721 9,683 2,774 (43,791) (43,791) 43,791 43,791 7,429 597 Retirement Health Ins (84,113) Adj 7 (84,113) 18,414 26,356 18,600 5,328 1,147 84,113 84,113 14,269 0 Adj 8 (93,949) (93,949) 20,567 29,438 20,775 5,951 93,949 93,949 15,937 1,281 Professional Fees Adj 9 (22,763)(22,763) (22,763) 22,763 22,763 0 Donations Adj 10 60,790 60,790 (60,790)(60,790) 0 0 Misc
Expenses Directors Adj 11 (74,295) (74,295) (74,295)74,295 74,295 0 Adj 12 (415,695) (415,695) 415,695 415,695 (415,695) 0 0 Adj 13 Rate Case (25,000) (25,000) 25,000 25,000 25,000 0 0 (4,918,417) (4,918,417) (4,918,417) Adj 14 G&T 0 0 Purchase Power (7,590,233) (7,590,233) 5,144,971 2,445,262 Adj 15 7,590,233 7,590,233 0 Case No. 2010-00510 (8,859,591) (8.859,591) (8,859,591) 8,859,591 8,859,591 Normalize Revenue Adj 16 5,237,525 2,964,439 8,201,964 8,201,964 8,201,964 Case No. 2010-00510 (8,785,178) (8,785,178) (8,785,178) (8,785,178) 0 Customer Growth Adj 17 56,365 56,365 56,365 56,365 (1,538,692) (7,604,914) (4,918,417) (4,918,417) (2,686,497) 3,551,492 2,445,262 (3,714,620) (3.547.653)(457,855) 2,159,648 (526,849) Total 207,638 55,087 36,162 10,560 (60,790) 84,493 2,218

Other deductions

Net Margins

Taxes - other

Customer service

Exhibit S

page 3 of 4 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 15. Refer to the response to Item 21 of Staff's Second Request.
- a. Refer to Item d. Provide the authority for the increase in rates charged for electrical inspections.
- b. Refer to Item i. Explain why South Kentucky considers this to be an allowable expense for ratemaking purposes.
- c. Refer to Item j. Explain the basis for the cost of health insurance and deferred compensation for the Board of Directors.

Response to Question #15

- a. The fee increased \$25 per charge. This was suggested by management and approved by the board of directors.
- The remaining cost is from the past rate increase, which the
 Commission allowed to be recovered through rates.
- c. Policy "H" of the Director Retirement and Advisory Status policy that was approved May 13,2004.

		•

Item No. 16 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

16. Refer to the response to Item 25.a. of Staff's Second Request. It states there is a correct page 7 attached to the response. Explain where in the response the correct page 7 is located?

Response to Question#16

Attached is the corrected page 7.

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Exhibit 1 page of

Witness: Jim Adkins

Analysis of Salaries and Wages For the calendar years 2007 through 2009 and the Test year

		*														7
14 15	13	12	<u></u>	10	9	∞	7		6 A	4.	<i>ν</i> κ) <u>-</u>	No	Line		
Overtime wages Overtime hours	Ratio of salaries and wages capitalized to total wages L10 / L11	Ratio of salaries and wages charged to expense to total wages L9 $/$ L	Total salaries and wages	Wages capitalized	Total salaries and wages charged to expense and other L2 to $L6 + L7 + L8$ 5,611	Charged to clearing and others	Total administrative and general expenses L6(a) to L6(i)	(i) Office supplies and expense(h) Miscellaneous general(i) Maintenance of general plant	Sales expense Administrative and general expenses: (a) Administrative and general (b) Office and line and general	Customer service and and inform	Customer accounts expense	Wages charged to expense:	(a)	Item		
624 17,892	lized 32%	ód 68%	8,232	2,621	o expense 5,611	721	820	52 158	ses: 610	368	1 180	٠ د د د د د د د د د د د د د د د د د د د	(f)	Amount	2007	
-3%			1%	-2%	2%	1%	0%	-21% 4%	1%	-7%	2%	50/		%		-)
795 22,750	31%	69%	9,018	2,817	6,201	762	903	50 183	670	453	1,359	2	(h)	Amount	8006	Twelve Months Ended
27% 27%			10%	7%	11%	6%	-3%	-4% 16%	10%	23%	15%	00/	(i)	%	8 1100	ths Ended
852 23,936	30%	70%	8,935	2,666	6,269	844	891	42 171	678	430	1.282)))	(j)	Amount	2009	
7% 5%			-1%	-5%	1%	11%	-1%	-16% -7%	1%	-5%	-6% + %	A0/.	(k)	%	٥	
628 17,164	30%	70%	8,779	2,601	6,178	686	932	48 201	683	423	1.214	2 022	(3)	Amount	2010	Test vear
-26% -28%			-2%	-2%	-1%	-19%	-3%	14% 18%	1%	-2%	-5%	A0/.	(m)	%	-	'ear

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 17. Refer to the response to Item 29 of Staff's Second Request and page 2 of Exhibit
- 3. Identify and explain by account number, any factors other than physical depreciation, that cause South Kentucky's depreciation rates to be higher or lower than those of RUS.

Response to Question#17

RUS high and low rates were developed in the 1960's. There is no way to determine why there would be some accounts that calculate to a higher or lower rate. It is common to have accounts that are higher or lower. No pattern exists to reflect why certain accounts would calculate higher and some lower.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

18. Refer to the Application, Exhibit 3, page 2, and Exhibit 20, Section 2, page 4. The depreciation percentage for Account 362 Station Equipment is listed as 6.67 percent in Exhibit 3 and 3 percent in Exhibit 20. Explain this discrepancy and provide any corrections.

Response to Question#18

The depreciation rate listed for Account 362 Station Equipment listed in Exhibit 20, Section 2, should state 6.67%. The rate for station equipment in Exhibit 20 lists the rate as 6.67% for the rest of Exhibit 20. There would be no change in the proposed adjustment.

Item No. 19 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

19. Refer to the Application, Exhibit 3, page 3. Provide an allocation of the proposed total depreciation adjustment in the manner listed at the bottom of page 3.

Response to Question#19

Account	<u>%</u>	Test Year	Proposed	Adjustment
Construction and retirement WIP	39%	190,382	195,494	\$ 5,113
Others	4%	17,591	18,064	472
Distribution – operations	21%	104,656	107,466	2,811
Distribution – maintenance	31%	153,137	157,250	4,112
Consumer accounts	1%	7,006	7,194	188
Consumer service and information	2%	9,532	9,788	256
Administrative and general	<u>2%</u>	11,861	12,180	<u>319</u>
Total	<u>100%</u>	<u>494,166</u>	<u>507,437</u>	<u>\$13,271</u>

Case No. 2011-00096

Commission Staff's Third Information Request

Request. Shown on Exhibit 3 are the plant account balances as of September 30, 2010 upon which South Kentucky requests depreciation. Included in Item 30 are the subsidiary plant ledger accounts for the year ending September 30, 2010. The balances for each plant account shown in Exhibit 3 and Item 30 are compared in Table 1 below. Explain the differences in each account balance.

Response to Question #20

To get the information requested in Item 30 of Staff's Second Request, an Account Analysis was required to be printed. The Account Analysis totals the debits and credits for the time period selected. Included in the debits is the Beg Year Balance Forward, which reflects the debit balance at January 1, 2010. Other reports South Kentucky could prepare do not show the activity, but summarized by activity, which would not be an adequate response to the question.

Item No. 20

Page 2 of 2 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Distribution Disease		Exhibit 3		Item 30	Difference
Distribution Plant	•	EO 004			E0 004
Land	\$	52,264	~	200 045	\$ 52,264
Station Equipment		864,832	\$	860,315	4,517
Poles, Towers and Fixtures		49,248,403		49,726,134	(477,731)
Overhead Conductors and Devices		51,967,266		52,497,478	(530,212)
Underground Conduit		425,821		432,661	(6,840)
Underground Conductor and Devices		5,746,724		5,871,625	(124,901)
Line Transformers		31,935,654		32,353,761	(418,107)
Services		20,469,544		20,674,247	(204,703)
Meters		19,636,215		5,417,498	14,218,717
Installations on Customer Premises				6,179,038	(6,179,038)
Security Lights		6,122,251		665,914	5,456,337
Street Lights		650,070			650,070
					 *
Total Distribution Plant		187,119,044		174,678,671	 12,440,373
General Plant					
Land		2,945,856		3,114,654	(168,798)
Sturctures and Improvements		9,146,231		9,174,572	(28,341)
Office Furniture and Equipment		556,849		562,362	(5,513)
Computer Equipment		2,253,402		2,311,083	(57,681)
Transportation Equipment		7,473,479		7,689,998	(216,519)
Stores		213,712		213,712	ì oʻ
Tools, Shop and Garage		154,621		154,621	0
Laboratory		259,238		259,238	0
Power Operated Equipment		111,819		113,058	(1,239)
Communications		2,415,458		2,415,458	(0)
Miscellaneous		332,353		332,353	(0)
					- ' '
Total General Plant		25,863,018		26,341,108	(478,090)
					-
Total Electric Plant	\$	212,982,062	\$	201,019,779	\$ 11,962,283

Item No. 21
Page 1 of 1
Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

annual principal payments that will be made by South Kentucky for each of the next 10 years. Refer to the Application, Exhibit 5, pages 2 and 3. For each lender listed on these pages, state separately the total

Response to Question#21

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	2015	<u>2016</u>	2017	2018	2019	2020
RUS	1,511,103	1,541,325	1,572,151	1,603,594	1,635,666	1,668,379	1,701,747	1,735,782	1,770,498	1,805,908
Economic	576,358	587,885	599,643	611,636	623,868	636,346	649,073	662,054	675,295	212,940
FFB	359,844	662,102	675,344	688,851	702,628	716,680	731,014	745,634	760,547	775,758
CFC	2,889,581	2,910,724	2,358,619	2,043,558	1,821,549	1,659,985	1,569,609	1,481,873	1,359,069	873,196

Item No. 22 Page 1 of 1 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

22. For each of the previous ten calendar years, state the total amount of funds expended on capital improvement projects. For each amount listed, state, separately, the amount that was funded with internally generated funds and the amount funded through the issuance of long-term indebtedness.

Response to Question#22

Year	Total	Loan Funds	Internal Funds
2000	7,429,926	7,090,050	339,875
2001	7,650,233	7,300,280	349,953
2002	7,088,807	6,764,535	324,271
2003	7,535,676	7,190,963	344,713
2004	7,957,839	7,593,815	364,024
2005	9,625,843	9,185,517	440,326
2006	10,862,080	10,365,204	496,876
2007	14,195,479	13,546,120	649,360
2008	12,469,149	11,898,759	570,390
2009	10,328,212	9,855,757	472,455
	95,143,243	90,791,000	4,352,243

Item No. 23

Page 1 of 1 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

23. Provide South Kentucky's annual capital improvement budgets for all future years

that are available. For each annual budget, state, separately, the amount anticipated to be funded

through internally generated funds and the amount to be funded through the issuance of long-

term indebtedness.

Response to Question#23

South Kentucky has prepared a 4 Year Work Plan from 2010 to 2013 in the

amount of \$53,695,726. In conjunction with this work plan, an application was

made for a loan from FFB in the amount of \$51,000,000. The difference will be

funded through internally generated funds.

	-		

Item No. 24 Page 1 of 3 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Third Information Request

- 24. Refer to the response to Item 33 of Staff's Second Request.
- a. At Item 33.b., page 1 of 53, the "Govt. Share" of the project is stated at \$9,538,234. At Items 33.c. and 33.e., South Kentucky states total grant funds for the meter replacement program to be \$8,805,307, as detailed in Table 2. Reconcile the differences in the \$9.5 million and the \$8.8 million.

Table	2	
DOE Grants Received On:	11/1/2010 \$ 5/12/2011	1,373,858 1,791,492
DOE Grants to be Received On:	9/12/2011 12/2/2011 4/16/2012 9/4/2012	1,137,694 2,094,076 1,361,149 1,047,038
Total Grant	<u>\$</u>	8,805,307

b. At Item 33.a., South Kentucky references Case No. 2009-00489 wherein it estimated the total cost of the AMI meter replacement program at \$19,500,000. As shown above in Item a., South Kentucky will receive a grant in an amount ranging from \$8.8 million to \$9.5 million to pay for a portion of the replacement program.

Page 2 of 3

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- (1) Identify the source of funding planned for the portion of the meter replacement program that will not be funded by the Department of Energy ("DOE") and state the terms of this funding.
- (2) Provide the amounts and dates upon which South Kentucky either has received or will receive the funding for the portion of the meter replacement program that will not be funded by the DOE grant funds.

Response to Question#24

a. The estimated receipts due for 12/3/2012 were omitted. The receipts to total the DOE Grant project are as follows:

DOE Grants Received:	11/1/2010	\$ 1,373,858
	5/12/2011	1,791,492
	9/12/2011	1,137,694
DOE Grants to be Received:	12/2//2011	2,094,076
	4/16/2012	1,361,149
	9/4/2012	1,047,038
	12/3/2012	_732,927

Total Grant \$ 9,538,234

Item No. 24 Page 3 of 3

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

b. (1) The non-grant portion of the AMI project will be funded with loan
 proceeds from RUS through the FFB loan program.

DOE Grant	\$ 9,538,234
RUS Ioan	10,097,981

Total AMI Project \$19,636,215

(2) South Kentucky estimates that the loan funds will be advanced after all the grant proceeds are received. Estimated advances are as follows:

2012	\$ 3,500,000
2013	3,500,000
2014	3,097,981

\$10,097,981

	A 5		
**			

Case No. 2011-00096

Commission Staff's Third Information Request

25. Refer to the response to Item 33.h. of Staff's Second Request. South Kentucky

states that "the estimated useful life for the new AMI meters has no correlation to the

amortization period for mechanical meters that have been retired." Would South Kentucky agree

that, if the undepreciated balance of the mechanical meters in the amount of \$3,723,716 were

accounted for as required by the Uniform System of Accounts ("USof A") and South Kentucky

were requesting depreciation rates using the remaining life method, the \$3,723,716 would

effectively be depreciated over the remaining life of the new AMI meters. If no, explain.

Response to Question#25

South Kentucky would agree that if the meters were not taken out of service,

the depreciation period would be 15 years. However, the mechanical meters

will all be taken out of service as AMI meters are installed. The mechanical

meters will be disposed of and will not have a remaining useful life of 15

years.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 26. Refer to the response to Item 33.i. of Staff's Second Request.
- a. Provide the correspondence from Rural Utilities Service informing South Kentucky that it is proper to account for the grant proceeds as donated capital.
- b. State whether South Kentucky is aware that the USoA, at Section 1767.16 Electric Plant Instruction (b)(4), requires contributions in aid of construction to be credited to the appropriate plant account.
- c. State the reasons it is necessary for South Kentucky to depart from the requirements of the USoA regarding the contribution in aid of construction from the DOE.
- d. The accounting treatment requested by South Kentucky for the DOE contribution results in recovery of depreciation expense on the contributed portion of the meter replacement program. Provide the reasons it is necessary for South Kentucky to recover deprecation expense on the portion of the meter replacement program that will be funded by the DOE contribution.

Item No. 26 Page 2 of 4 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Response to Question #26

- a. South Kentucky attended a seminar presented by RUS on July 13, 2010 that addressed grant proceeds from the Department of Energy. Part of the presentation dealt with how to account for grant proceeds. RUS has allowed certain rural economic development grants to be recorded in Account 208, Donated Capital. Based on the court case included with the response to PSC-26.c. that allows for depreciation on contributed property, South Kentucky would propose that the proceeds of the DOE grant should be recorded as equity and not a contribution in aid of construction.
- b. South Kentucky is aware that the USoA requires contributions in aid of construction to be credited to the appropriate plant account. Under normal circumstances on routine contributions South Kentucky records contributions as aid to construction, however, based on PSC-3-26.a. & c., South Kentucky proposes that under this unique situation that the grant not be considered a normal contribution.
- c. Since the Supreme Court of Kentucky has allowed depreciation on contributed property in the DeWitt Water District case, South Kentucky has proposed to account for the DOE grant proceeds as equity instead of a contribution.
- c. Based on the Supreme Court of Kentucky's ruling on the following case, South Kentucky believes that it should be able to recover depreciation expense on the portion of the meter replacement program that will be funded by the DOE contribution. Even though this case dealt with a water utility, the concepts and applications are all applicable to an electric cooperative since it is a publicly-owned utility.

PUBLIC SERVICE COMMISSION OF KENTUCKY, APPELLANT v. DEWITT WATER DISTRICT, APPELLEE; EAST CLARK WATER DISTRICT and WARREN COUNTY WATER DISTRICT, APPELLANT v. PUBLIC SERVICE COMMISSION AND DAVID L. ARMSTRONG, ATTORNEY

Item No. 26 Page 3 of 4 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

GENERAL, DIVISION OF CONSUMER PROTECTION, APPELLEE

Nos. 86-SC-342-DG, 86-SC-362-DG

SUPREME COURT OF KENTUCKY

720 S.W.2d 725; 1986 Ky. LEXIS 314

November 26, 1986, Decided

PRIOR HISTORY: [**1] ON REVIEW FROM COURT OF APPEALS 85-CA-220-MR (Franklin Circuit Court #83-CI-1672) and 85-CA-851-MR (Franklin Circuit Court #83-CI-492 & 575).

DISPOSITION: AFFIRMING DEWITT WATER DISTRICT AND REVERSING EAST CLARK AND WARREN COUNTY WATER DISTRICT

CASE SUMMARY:

PROCEDURAL POSTURE: The Court of Appeals (Kentucky) sought guidance in a conflict between two of its panels as well as conflict in the same division of a circuit court wherein two opinions were rendered the same day with conflicting results. The question was whether the Kentucky Public Service Commission (commission) could disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts.

OVERVIEW: Two Court of Appeals panels reached conflicting results on the issue of whether the commission could disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts. The court held that it could not and that depreciation expense on contributed plant property could be considered as an operating expense for rate-

Item No. 26 Page 4 of 4 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

making purposes in matters involving publicly held water districts. The court further held that the commission's failure to allow a rate recovery for depreciation expense on contributed property could have a substantial impact on the financial stability of the publicly-owned systems and their ability to continue to provide a needed water utility service to the rural areas of the state. Further, the court held that the disallowance of the expense was opposed to the commission's statutory mandate, constitutional prohibitions against confiscation, and sound utility management practices.

OUTCOME: The court held that the commission could not disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

27. Refer to the response to Items 34.a. and b. of Staff's Second Request. At Item a.,

the number of mechanical meters to be replaced total 86,227. At Item b., the number of

replacement AMI's total 69,300. Reconcile the difference in the number of meters to be

replaced and the number of replacement meters.

Response to Question#27

The information gathered for the initial response where 86,227 meters were

calculated included a formula that counted several months that included a

subtotal in the formula. In addition, South Kentucky did not retire newer meters

for most of 2008, 2009, and a portion of 2010 until it was determined what type

of meter was going to be installed as a result of the AMI project. If the meters

could be retrofitted, then some of the newer meters retired could be used. It was

decided that new meters would be purchased and not retrofit the old meters.

Therefore, there would be more meters retired than would be purchased as part

Of the AMI project. The retirements are as follows:

Item No. 27 Page 2 of 2

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Through September 30, 2010	8,735
October 1 to December 31, 2010	324
2011	33,563
2012	<u> 29,140</u>
Total meters retired	<u>71,762</u>

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 28. Refer to the response to Item 34.e.(2) of Staff's Second Request. It states that "[A]ccount --598—Meter maintenance will increase tremendously as these meters are still unknown for maintenance but other cooperatives in Kentucky have expressed a significant increase in meter maintenance because these meters seem to be much more sensitive to items such as lighting than the older meters were."
- a. Provide the basis of the information relative to other cooperatives that South Kentucky has relied upon in making this statement.
- b. Provide a list and explanation of the other items that make the AMI meters more sensitive than the older ones.
- c. Provide an estimate, based on the experience of other cooperatives, of the amount of increase expected in meter maintenance expense associated with the new AMI meters.

Response to Question #28

- a. These are casual conversations with other cooperatives. No official studies were conducted.
- b. Again, this observation was made based on conversations at various times. There were no direct inquires specifically related to the sensitivity of the AMI meters.

Item No. 28 Page 2 of 2 Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

c. Based on the conversations, it was not that additional costs were recognized so much as the efficiencies that were assumed did not materialize as a result of the sensitivity of the AMI meters and the time it took to gather, assimilate, and review the results of information gathered and the time the servicemen spent inspecting meters.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

29. Refer to the response to Item 35.b.(2) of Staff's Second Request. State whether construction on the new headquarters facility was started but halted, or not started. If construction was started and halted, provide the date that construction began.

Response to Question#29

There has been no construction activity for the new headquarters facility at this time. South Kentucky has no definitive time table on when construction will commence.

Item No. 29
Page 1 of 1
Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

29. Refer to the response to Item 35.b.(2) of Staff's Second Request. State whether construction on the new headquarters facility was started but halted, or not started. If construction was started and halted, provide the date that construction began.

Response to Question#29

South Kentucky's Board of Director's (Board) was prepared to start construction shortly after receiving Commission's approval to construct a new headquarters facility. However, once approval was granted the Board was concerned about the economic downturn. The Board then decided to postpone the start of construction for six months and review the economic condition at that time. The six month review was to take place during the winter months and since construction could not start the Board decided to wait till spring to review. At that time South KY was made aware of a facility in the Somerset area that could potentially be retro fitted to meet South KY's needs. South KY's Board feels it has a fiduciary responsibility to its members to explore this option further before starting construction. South KY has been exploring this option. Also, during this timeframe the county government has expressed interest in the purchase of the current South KY's headquarter facilities. South KY's Board is still committed to either building a new headquarter facility or the purchase of the existing facility from a local bank.

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 30. Refer to the response to Item 38 of Staff's Second Request. Item c. requested, in part, a listing of specific projects resulting from the consulting efforts of Garland & Associates.
- a. State whether or not any specific economic development projects have resulted from the consulting efforts of Garland & Associates.
- b. Provide a copy of the economic development consulting contract with Garland and Associates and the terms for payment of the consulting services.
- c. Explain what costs, other than the base contract consulting fees, South Kentucky pays Garland and Associates and the basis for such payments.
- d. Explain what procedures South Kentucky has in place to ensure accountability for the economic consulting activities provided by Garland and Associates.
- e. Provide the total amount paid to Garland and Associates during the test year.
- f. Provide an estimate of the additional revenues that have been generated by South Kentucky as a result of the economic development consulting activities of Garland and Associates.

Item No. 30 Page 2 of 2

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Response to Question #30

- a. Garland & Associates have made numerous contacts and have provided assistance to many organizations since the program was initiated. There have been 70 contacts where either loan, grants, or some form of funding has been obtained. South Kentucky has participated in 23 of these projects where a total of \$9,490,469 has been in the form of grants or loans.
- b. A copy of the agreement is attached.
- c. South Kentucky will reimburse Garland & Associates for travel and costs, special contractual services, and expenses for a grant writer. These costs are reviewed to ensure they are properly documented for payment.
- d. The board of directors reviews the expenses and list of contacts by Garland & Associates on a monthly basis. The contract is reviewed on an annual basis.
- e. The total paid to Garland & Associates for the test year are as follows:

Contract consulting	200,213.95
Travel, contractual, grant writing	83,657.73
Total	283,871.68

f. The Actual Jobs created by the economic development program that South Kentucky implemented is 1,193. Based on information obtained from the Kentucky Cabinet for Economic Development, the direct benefit impact of adding these additional jobs to the areas is \$104,318,120. The additional revenues that have been generated for South Kentucky cannot be determined. However, it is estimated that the majority of the jobs created would be in South Kentucky's service territory.

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into this the _____ day of January, 2008, by and between SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, of Post Office Box 910, Somerset, Kentucky 42502, (hereinafter referred to as "Company") and BENNIE GARLAND, of Post Office Box 2099, Russell Springs, Kentucky 4242 (hereinafter referred to as "Consultant");

WHEREAS, Consultant has a great deal of knowledge and expertise in the area of economic development; and

WHEREAS, Company wishes to avail itself of Consultant's talents, advice, and abilities during the term of this Agreement, and Consultant is willing to offer that advise and those talents and abilities on the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises contained herein, and intending to be legally bound, the parties agree as follows:

- 1. <u>Engagement and Duties:</u> During the term of this Agreement, Company engages Consultant, and Consultant agrees to serve Company, as an independent contractor in the role of an independent consultant. Consultant will be available to work at reasonable times, and for reasonable periods of time, to perform consultation. Consultant will travel on the business of Company whenever requested to do so. Consultant must endeavor to improve the business of Company during the term of this Agreement.
- 2. <u>Term:</u> The term of this Agreement shall be from January 15, 2008, to January 15, 2013.
 - 3. Obligations and/or Responsibilities of Consultant: It is expected that consultant will

devote time in all of Company's service area. It is understood that Consultant may be required to spend more time in a particular portion of the service area than others from time to time, dependent upon many factors, including the particular area's economy, ongoing projects, etc. It is understood and agreed, however, that Consultant will attempt to balance his time among all of the Company's service area.

It is understood and agreed that Consultant will regularly visit local agencies and officials of the company's service area, particularly such officials as are affiliated with community and economic development. Consultant is to work in harmony with those agencies and officials efforts and will keep them informed, relating to the work which Consultant is performing in those agencies and officials geographic area.

Consultant will provide a monthly update on progress of Consultant's work, which update may be suitable for inclusion in South Kentucky Rural Electric Cooperative Corporation's Board of Directors Board Book. Consultant shall, on a quarterly basis, give an oral report to Company's Board of Directors at their regular monthly Board meeting.

Consultant will be available at all reasonable times to assist Company's employees and/or designees on any commercial and/or industrial visits.

Consultant agrees that he will at least maintain office hours from 8:00 AM to 4:00 PM, CST Monday through Friday. Consultant's office will be located in Russell County, Kentucky.

During the term of this Agreement, Consultant expects to engage in projects such as the following:

Make applications as needed and that are available for Community Economic
 Development and Public Safety purposes.

- 2. Work to generate USDA Loan Funds and Grants from all available sources to be leveraged for job creation.
- Create industrial park master plans in remaining areas that Company serves that do not have such plans.
- 4. Conduct or assist in organizing and conducting regional and local Community

 Meetings with emphasis on Community and Economic Development.
- 5. Assist in recruiting new industries.
- 6. Work with new and existing businesses and industries in identifying and securing funding sources that would be conducive to job creation and retention in the service area.

Consultant agrees to undertake and attempt to accomplish such other activities and/or programs as may be requested and/or required by the Company.

4. Performance Measurement of Consultant: The parties agree that measurement of progress of Consultant's endeavors is an essential and necessary component of this Agreement. Consultant agrees to provide at least an annual summary report of Consultant's work and accomplishments for the year. Consultant agrees that he should show evidence of accomplishment of a return to Company of at least 20 to 1. Consultant agrees that this is interpreted that for every dollar expended by the Company relating to the Consulting there should be a showing of \$20.00 in value return. Said value may be exhibited in jobs, grants, outside loan funds, or such other value or measurable benefits as will be specifically identified by Consultant.

- 5. <u>Compensation:</u> For all services Consultant will render under this Agreement,
 Consultant is to be paid for the first year of this agreement the amount of EIGHT THOUSAND
 SIXTY FOUR DOLLARS AND 43/100 (\$8,064.43) bi-monthly on the 1st and 15th days of each
 month during the term of this agreement. Unless sooner terminated, Consultant shall receive a
 two (2%) increase per year for the remaining years of the contract term at the anniversary date of
 this agreement. The payments above-referenced will cover all of Consultant's expenses
 including, but not limited to, an assistant, benefits, office equipment, office rent, phone, liability
 insurance, etc. Consultant's relationship will be that of an independent contractor, and Company
 will not withhold taxes or Social Security Payments from any sum paid under this Agreement.
- 6. Reimbursement of Expenses: In addition to the compensation provided for hereinabove, Consultant will be reimbursed up to SIXTEEN THOUSAND AND 00/100 (\$16,000.00) DOLLARS for travel expenses and SEVENTEEN THOUSAND FIVE HUNDRED AND 00/100 (\$17,500.00) DOLLARS for special contractual services, the reimbursement for which must be documented and delivered to Company's CEO for approval prior to payment.
- 7. Expenses of Grant Writer: Consultant shall be provided an amount, not to exceed \$34.200.00, for purposes of contracting with individuals qualified to assist in the writing of Grant and Loan Applications with appropriate funding agencies.

The Consultant agrees to indemnify and hold Company fully harmless from and against any and all claims arising out of consultant's activities with and/or work for Company.

8. <u>Indemnification/Insurance</u>: The Consultant shall, during the term hereof, keep in full force and effect, a policy or policies of liability insurance, the limits of which shall not be less than ONE MILLION AND 00/100 (\$1,000,000.00) DOLLARS. The Consultant shall include Company as a named insured thereon.

- 9. <u>Confidentiality</u>: All data or information concerning the business activities of Company which Consultant acquires, or had acquired, in connection with, or as a result of the performance of his services with Company, whether under this Agreement or prior to the effective date of this Agreement, shall be kept secret and confidential by Consultant and shall be revealed only to Company, unless Company otherwise consents or unless otherwise required by law. This covenant of confidentiality shall extend beyond the term of this Agreement and shall survive the termination of this Agreement for any reason.
- 10. Termination: Upon the death and/or disability of Consultant prior to the expiration of the term of this Agreement or in the event that any government agency or body, either federal or state, including the Rural Utility Service and the Public Service Commission, directs the Company to cease employment of the Consultant or to cease the Company's economic development program as embodied in this Agreement, this Agreement shall immediately terminate and any payments due thereafter to Consultant shall cease.
- 11. Other: This Agreement may be unilaterally terminated by Company's CEO (Head Coach) or Consultant for just cause, either party shall give a sixty (60) day written Certified notice.
- 12. Severability and Limited Enforceability: It is understood and agreed that should any portion of any clause or paragraph of this Agreement be deemed too broad to permit enforcement to its full extent, then such restriction shall be enforced to the maximum extent permitted by law, and Consultant hereby consents and agrees that such scope may be modified accordingly in any proceeding brought to enforce such restriction. Further, it is agreed that should any provision in this Agreement be entirely unenforceable, the remaining provisions of the Agreement shall not be affected thereby.

13. <u>Governing Law:</u> This Agreement shall be governed by and construed under and in accordance with the laws of the Commonwealth of Kentucky.

14. <u>Assignment:</u> This Agreement and the rights, duties and obligations hereunder, shall not be assignable by Consultant without the prior written consent of Company.

15. Entire Agreement: This Agreement contains all the terms, conditions, and promises of the parties hereto. No modification or waiver of this Agreement, or any provision thereof, shall be valid or binding, unless in writing and executed by both parties hereto. No waiver by either party or any breach of any term or provision of this Agreement shall be construed as a waiver of any succeeding breach of the same or any other term or provision.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

COM	PANY:
	TH KENTUCKY RURAL ELECTRIC PERATIVE CORPORATION
BY:_A	LLEN ANDERSON, CEO
CON	SULTANT:
BEN	NIE GARLAND

STATE OF		
COUNTY OF		
Ι,	, the undersigned Notary Public in and	i for the
state and county aforesaid, hereby	y certify that the foregoing instrument was on this	day
of January , 2008 p	produced to me in said state and county and was then and	d there
acknowledged and sworn to before	re me by South Kentucky Rural Electric Cooperative	
Corporation, by and through Alle	en Anderson, CEO, to be the voluntary act and deed of s	aid
corporation.		
My Commission Expires:	•	
	NOTARY PUBLIC/STATE AT LARGE	
STATE OF		
COUNTY OF		
Ι,	, the undersigned Notary Public in and	l for the
state and county aforesaid, hereby	y certify that the foregoing instrument was on this	day
of <u>January</u> , 2008 p	produced to me in said state and county and was then and	d there
acknowledged and sworn to before	re me by Bennie Garland, party thereto, to be his own vo	oluntary
act and deed.		
My Commission Expires:	·	
	NOTARY PUBLIC/STATE AT LARGE	

Item No. 31 Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

31. Refer to the response to Item 39 of Staff's Second Request. The response has a line item

entitled "Coop labor and benefits." Explain whether the allowance of this expense would

constitute double recovery of the coop labor and benefits cost.

Response to Question#31

South Kentucky does not intend to include employee labor and benefits in the

adjustment for rate case expenses. The request for costs recorded in rate case

expenses, for which labor by coop employees is recorded in this account.

Item No.32 Page 1 of 2

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative Case No. 2011-00096

Commission Staff's Third Information Request

Refer to the response to Item 40.b of Staffs Second Request and the revised Exhibit 16 of, the year customer growth adjustment.

a. Question:

Refer to Item 40.b. The response states that the revised customer adjustment is based on a 12 month average. Confirm that the revised Exhibit 16 is based on a 13 month average.

a. Response:

It is confirmed that this adjustment is based on a 13 month average.

b. Question:

In revised Exhibit 16, the kWh amount shown for Small Commercial class is 72,762,631. Explain why this differs form revised Exhibit J which shows the kWh for this class to be 75,104,607.

b. Response:

Attached is 2nd revised Exhibit 16 that provides the proper kWh amount for the Small Commercial class.

- c. Refer to the LP3-Large Power column of revised Exhibit 16.
 - (1) Question:

Confirm that the "1" shown for September 2009 is correct.

Item No.32 Page 2 of 2

Witness: Jim Adkins

(1) Response:

The number should be "9" for September 2009.

(2) Questions:

Explain why a customer growth adjustment was not calculated for this rate class given that a change of 1 is shown for this class.

(3) Response:

A customer growth adjustment was not calculated because there was not increase or decrease in the number of customers for this class. See the 2^{nd} revised Exhibit 16.

8 \$ 6,087 \$											
	\$ 1,908	\$ (4,785)	\$ 1,610	6	6	()	\$ (4,443)	\$ 36,825	\$ 11,737	\$ 7,382	Gross Margins
1 \$ 41,011	\$ 471	\$ (3,134)	\$ 1,615				\$ (19,044)	\$ 159,359	\$ 24,072.21	\$ 16,697.65	Increase in Power Costs
9 \$ 0.06748	\$ 0.06109	\$ 0.05923	\$ 0.06531				\$ 0.08459	\$ 0.06646	\$ 0.07315	\$ 0.06475	Avg Cost per kWh
5 653,097	\$ 13,045	\$1,215,716	67,415				\$ 1,234,799	\$ 13,599,364	\$ 5,493,885	\$ 55,025,186	Purchased Power Costs
3 \$ 47,097.93 \$550.32	\$ 2,379.20	\$ (7,918.08)	\$ 3,225.00				\$ (23,486.23)	\$ 196,184.14	\$ 35,808.92	\$ 24,080.01	Increase in Revenue
3 65,841	48	72	70				7,174	49,009	1,473.16	1,149.63	Avg Monthly kWh
147	4,424	285,784	14,838				2,035	4,175	50,982	739,180	Total Consumers
3 \$ 0.07749	\$ 0.30868	\$ 0.14966	\$ 0.13045				\$ 0.10432	\$ 0.08182	\$ 0.10881	\$ 0.09338	Avg. Revenue/kWh
9,678,600	213,529	20,526,639	1,032,169	7777			14,598,187	204,613,675	75,104,607	849,780,821	Energy kWh
2 750,035	65,912	3,071,971	134,650				1,522,863	\$ 16,741,972	\$ 8,172,497	\$79,352,881	TY Base Revenue
3 0.77	13	(61)	29.6	1	(0)		(3)	4	18.6	19	Change
1 12	371	23,831	1,238	9	-	_	170	348	4,248	61,607	Average
	384	23,770	1,268	9	_	_	167	352	4,267	61,626	September
	366	23,719	1,266	9	4	_	169	352	4,253	61,684	August
	368	23,792	1,266	9			168	350	4,262	61,739	July
	364	23,713	1,443	ပ	٠.	_	173	368	4,359	62,206	June
	364	23.771	1.263	9		- احـ	168	326	4,136	60,717	May
10	366	23,049	1 260	စ ဖ	1		170	346	4,234	61,677	April
	364	23,652	1 822	9 6	د د	- د	02.r 691.	344	4,230	61 565	March
14. (364		1,261	9			169	348	4,241	61,499	January
7-14	384		1,261	9		_	171	351	4,268	61,653	December
	384		1,261	9			171	346	4,245	61,482	November
	370	24,073	696	9			170	348	4,249	61,730	October
5 12	375	24,024	1,261	9		1	170	348	4,247	61715	September
Ш	Dec St Lights	Sec. Lights	St. Lights	Lar Pow	Lar Pow	Lar Pow	Opt Pow Serv	Large Power	Sml Comm	Residential	<u>Month</u>
AES	Rate DSTI	Rate OL	Rate Stl	LP3	LP2	댐	Rate OPS	Rate LP	Rate B	Rate A	777777777777777777777777777777777777777

Schedule A - Residential Rate 1

	Test	Test Year End	Rates	Rates Effective January 14, 2011	4, 2011	Rates	Rates Effective May 31, 2011	1, 2011		Proposed Ra	tes
				Case No. 2010-00185	ćñ	ູດ	Case No. 2010-00186	186		Rates	
Actual	Test Year	Normalized	Current	Normalized	Increase	Current	Normalized		Proposed	Normalized	ncrease
Billing Data End Rate Revenues	End Rate	Revenues		Perioniles	Total	70 21 10	Revenues	Reveniles \$ Increase	Dit	Pevenies	
			Zale	000							

	Actual	Test Year	Normalized	Current	Case No. 2010-00185		Current	Case No. 2010-00186	86	7	Rates		
	ស៊		Revenues Rate	Rate	Revenues	Total	Rate	Revenues	* Increase	Proposed	Normalized	Increase	ě
									\$ 11010000	100	Novelides	_ Allouit Felcen	reiceik
Customer Charge	739,180	739,180 \$ 8.77	6,482,609 \$ 9.14	\$ 9.14	\$6,756,105	\$6,756,105 \$273,497	\$ 9.14	\$6,756,105 \$	()	\$15.00 \$	11,087,700	11,087,700 \$ 4,331,595	64.11%
Energy Charge per kWh	849,780,821	0.08836	75,086,633	\$0.09214	\$78,298,805	\$78,298,805 \$3,212,172	\$0.08543	\$0.08543 72,596,776	(5,702,029)	0.08812 \$	74,882,686	74,882,686 \$ 2,285,910	3.15%
Total From Base Rates		1 1	81,569,242		85,054,910	85,054,910 3,485,668		79,352,881	79,352,881 (5,702,029)	11	85,970,386	85,970,386 6,617,505	8.34%

Schedule B - Small Commercial Rate 2

115.07 \$

\$ 107.35 \$ 79,352,881

(5,702,029) (7.71)

85,970,386 6,617,505

116.31 \$ 8.95

8.34% 8.34%

Average Monthly Bill

110.35

Average Monthly Bill	Total from base rates	Energy charge per kWh	Customer Charge		
		75,104,607 \$ 0.09963	50,982	Actual Billing Data	
		\$ 0.09963	50,982 \$ 16.44	End Rate	
\$ 163.21	8,320,816	7,482,672	838,144	Revenues	
	1 1	\$0.10389	838,144 \$ 17.14	Current Rate	C
\$ 170.19 \$	8,676,449	\$7,802,618	\$873,831	Normalized Revenues	Case No. 2010-00185
\$ 6.98	355,633	\$319,946	\$35,687 \$	Increase Total	, 2011
		\$319,946 \$ 0.097180 \$ 7,298,666		Current Rate	Car
\$ 160.30 \$	\$ 8,172,497	\$ 7,298,666	17.14 \$ 873,831 \$	Normalized Revenues	Case No. 2010-00186
\$ (9.88)	\$ 8,172,497 \$ (503,952)	(503,952)	€ 5	\$ Increase	86
	1 1	03,952) 0.102910	\$ 25.00	Proposed Rate	
\$ 176.60	9,003,565	\$ 7,729,015	1,274,550	Normalized Revenues	Proposed R Rates
176.60 \$ 16.30	831,068	7.729,015 \$ 430,349	1,274,550 \$ 400,719	Increase Amount F	ates
10.17%	10.17%	5.90%	45.86%	Percent	

Schedule LP - Large Power Rate Rate 4

Piero Grinta	Actual	A 24: 121		
CHO Kale	lest rear	T1 V		Test
Kevenues	Normalized	No.		Test Year End
Kale	Current		0	Rates E
Revenues	Normalized		Case No. 2010-00185	ffective January 14
Total	Increase			, 2011
Rate	Current		Ca	Rates Effe
Revenues	Normalized		Case No. 2010-001	ffective May 31, 201
\$ Increase			86	1, 2011
Rate	Proposed			
Revenues	Normalized		Rates	Proposed Ra
 Amount Percent	Increase			ites

Average Monthly Bill	Total from base rates	Energy charge per kWh	Demand Charge	Customer Charge	
		204,613,675 \$ 0.06324	653,357 \$	4,175 \$ 3	Actual Test Year Billing Data End Rate
\$ 4,160.37	\$ 17,369,554	6324 12,939,769	6.57 4,292,553	32.87 137,232 \$	Year Normalized Rate Revenues
€9	8	\$0.06596	6.85	2 \$ 34.28	Current Rate
4,338.91 \$ 178.53	18,114,930	\$13,496,318	\$4,475,493	\$143,119	Case No. 2010-00185 Normalized I Revenues
178.53	100.00%	74.50%	24.71% \$	0.79% \$	Increase Total
\$ 4,010.05 \$	\$ 16,741,972	\$0.05925 \$ 12,123,360	6.85 \$ 4,475,493	34.28 \$ 143,119	Case No. 2010-00166 Current Normalized Rate Revenues
\$ (328.85)	\$ 16,741,972 \$ (1,372,958)	(1,372,958)		€ 9	\$ Increase
€	€9	0.062130 \$	7.00 \$	\$ 50.00 \$	Proposed Rate
4,190.39 \$ 180.34	\$ 17,494,894 \$ 752,92	12,712,648 \$ 589,287	4,573,496 \$ 98,003	208,750 \$	Rates Normalized Revenues
\$ 180.34	\$ 752,922	\$ 589,287	\$ 98,003	65,631	Increase Amount Percent
4.50%	4.50%	4.86%	2.19%	45.86%	ercent

Schedule OPS - Optional Power Service Rate 5 - Over 50 kW

16.29%	121.89	870.22 \$ 121.89	€9	\$ (48.13)	\$ 748.34 \$		32.69	796.47 \$	€9	763.78	60		Average Monthly Bill
16.29%	248,043	1,770,907 \$ 248,043		1,522,863 \$ (97,954)	1,522,863 \$	11	100.00%	1,620,817	6	\$ 1,554,300	ابما		Total from base rates
14.87%	216,053	1,669,157	0.114340 \$	(97,954)	\$0.09954 \$ 1,453,104	\$0.09954	95.70%	\$1,551,057	\$0.10625	1,487,409	14,598,187 \$ 0.10189	14,598,187	Energy charge per kWh
45.86%	31,990	101,750 \$ 31,990	\$ 50.00 \$		\$ 69,760 \$	34.28 \$	4.30% \$	\$69,760	\$34.28	66,890	2,035 \$ 32.87	2,035	Customer Charge
Percent	Amount Percent	Revenues	Rate	\$ Increase	Revenues	Rate	Total	Revenues	Rate	Revenues	End Rate	Billing Data	
ě	Increase	Normalized	Proposed		Normalized	Current	Increase	Normalized	_			Actual	
		Rates		ő	Case No. 2010-00186	Cas		Case No. 2010-00185	ı				
	3,	Proposed Rates		2011	Rates Effective May 31, 2011	Rates E	31	Rates Effective January 14, 2011	Rates Effe	Test Year End	Test Ye		

Schedule A - Residential Marketing Rate - ETS Rate 6

r			
Billing Data	Actual		
End Rate	lest Year		Test
Revenues	Normalized		rear End
Rate	Current	0	Rates E
Revenues	Normalized	Case No. 2010-00185	Effective January 14
Total	Increase		, 2011
Rate	Current	Cas	Rates E
Revenues	Normalized	se No. 2010-001	ffective May 31
\$ Increase		86	, 2011
Rate	Proposed		
Revenues	Normalized	Rates	Proposed R
Amount Percent	Increase		ates

Rate B - Small Commercial Marketing Rate - ETS Rate 7

Customer Charge
Energy Charge
Total Baseload Charges

10,530,533 \$ 0.05302

\$0.05528

\$ 558,329 \$ 558,329

\$582,128 582,128

100.00%

\$ 539,795 \$ (42,333)

707,020 167,224.86 707,020 \$ 167,225

30.98% 30.98%

\$0.05126

539,795 (42,332.74) 0.067140

Amoun	Revenues	Rate	\$ Increase	Revenues	Rate	Total	Revenues	Rate	Kevenues	End Kate	Billing Data
increas	Normalized	Proposed		Normalized	Current	Increase	Normalized	Current	Normalized	lest Year	Actual
	Rates		186	ase No. 2010-001	Ca	5	Case No. 2010-0018				
ites	Proposed Ra		11, 2011	Effective May 3	Rates	4, 2011	Effective January 1	Rates	Year End	Test	

Total from base rates	Energy charge per kWh	Customer Charge
ll	31,036 \$ 0.05978	
\$ 1,855	1,855	
19-1	\$0.06233	
\$ 1,934	\$1,934	
0.00%	69	
	0.05831	
\$ 1,810 \$	\$1,810	
(125)	(124.76)	
	0.07415	
\$ 2,301 \$	\$2,301	
492	491.61	
27.17%	27.17%	

Schedule LP1 - Large Power 1
Rate 9

chiling Data child Kate Kevenues	lest rear			Test Year End
ues Kate		ł		Rates E
Revenues	Normalized	0000 100 20 10 00 100	Case No. 2010-00185	s Effective January 14, 2011
Total	Increase			, 2011
Rate	Current	Ca	3	Rates E
Revenues	Normalized	PE INC. 20 10-00 100	7250 No. 2010 001	fective N
\$ increase		00	96	lay 31, 2011
Rate	Proposed			
Revenues	Normalized	Kates	,	Proposed Ra
Amount Percent	Increase			ites

Average Monthly Bill	Total from base rates	Energy charge per kWh	Demand Charge	Substation Charge	Metering Charge
49	أدما	15,182,167 \$ 0.05841	29,090 \$ 5.91	12 \$1,034.60	12 \$ 136.99
\$ 89,397.71	\$ 1,072,773	886,790	171,923	12,415	1,644
€9	69	\$0.06091	6.16	12,415 \$ 1,078.84	1,644 \$ 142.85
\$ 93,216.81 \$ 3,819.10	\$ 1,118,602	\$924,746	\$179,196	\$12,946	\$1,714
\$ 3,819.10	16.17%	€9	16.02% \$	69	0.15% \$ 142.85
	ادما	0.05420	6.16	1,078.84	142.85
\$ 84,727.44 \$ (8,4)	1,016,729 \$	\$822,873	\$179,196	\$12,946	\$1,714 \$
(8,489.36)		, es	; ; 69	€9	, 69
	69	0.05	6.16	1,078.84	142.85
	1,016,729 \$	\$822,873 \$	\$179,196 \$	\$12,946 \$	\$1,714 \$
					•
	0.00%				

Schedule LP2 - Large Power 2 Rate 10

		Test	Test Year End	Rates E	Rates Effective January 14, 2011	2011	Rates E	Rates Effective May 31, 2011	, 2011		Proposed Rates	ates	
	Ļ			Cz	Case No. 2010-00185		Cas	Case No. 2010-00186	36		Rates		
	Actual I	End Rate	Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	\$ Increase	Proposed Rate	Normalized	Incr	Increase
Metering Charge	13 \$	13 \$ 136.99	1,781	1,781 \$ 142.85	\$1,857	0.06% \$	142.85 \$	1,857	€ 9	\$ 142.850 \$	1,857	69	0.00%
Substation Charge	13 \$1	\$ 2,600.75	33,810	33,810 \$ 2,711.98	\$35,256	€9	2,711.98 \$	\$ 35,256		\$ 2,711.980	35,256	69	0.00%
Demand Charge	94,280 \$	5.91	557,194	\$6.16	\$580,764	17.72% \$	6.16 \$	\$ 580,764		6.16	580,764	69	0.00%
Energy charge per kWh First 400 kWh per kW Over 400 kWh per kW	37,711,970 \$ 0.05841 6,712,502 \$ 0.05182	\$ 0.05841 \$ 0.05182	2,202,756 347,842	\$0.06091 0.05404	\$2,297,036 \$362,744	70.08% \$	0.05420 0.04733	0.05420 \$ 2,043,989 0.04733 \$ 317,703	(253,047.32) : (45,040.89) :	\$ 0.054 \$ 0.047 \$	2,043,989 317,703	ся ся	0.00%
Total from base rates			\$ 3,143,383	 ↔	3,277,657	87.86%		\$ 2,979,569 \$	\$ (298,088)	4	2,979,569	€	0.00%
Average Monthly Bill			\$ 241,798.69	€9	252,127.45 \$10,328.76	\$ 10,328.76		\$ 229,197.59 \$ (22,929.86)	\$ (22,929.86)	G	229,197.59 \$	⇔	0.00%

252,127.45 \$10,328.76

\$ 229,197.59 \$ (22,929.86)

₩

229,197.59 \$

0.00%

Schedule LP-3 Large Power 3
Rate 15

sed Normalized
e Revenues Amount Perceni
Proposed Rate

					400 100 00 100		Case	Case 140. 20 10-00 100	č		rates		
	Actual	Test Year	Normalized	Current	Normalized	Increase	Current	Normalized		Proposed	Normalized	Increase	SP
	Billing Data	End Rate	Revenues	Rate	Revenues	Total	Rate	Revenues	\$ Increase	Rate	Revenues	Amount Percent	Percent
Metering Charge	108	\$ 136.99	14,795 \$	\$ 142.85	\$15,428	ca	142.85 \$	\$ 15,428	.	\$ 146.88 \$	15 863 \$	\$ 435.24	2002
Substation Charge Substation Charge	36 72	\$ 345.23 \$ 1.034.60	12,428 74,491	12,428 359.99 74.491 \$ 1,078.84	\$12,960 \$77,676	e ee	359.99 \$	\$ 12,960	9 69	\$ 370.14 \$	13,325	13,325 \$ 365.40	2.82%
Demand Charge per kW Contract Demand Excess Demand	141,140 2371	5.91 8.57	834,136 20 310	6.16	\$869,421	9 6 9	6.16	\$ 869,421	· (\$ 6.33	893,415	893,415 \$ 23,993.76	2.76%
Energy charge per kWh	69,748,929	0.05555	3,874,553	0.05793	\$4,040,555	(s)	0.05122	0.05122 \$ 3,572,540 \$ (468,	\$ (468,015.31)	015.31) 0.052660 \$	3,672,979	3,672,979 \$ 100,438	2.81%
		1.1	4,830,723		5,037,237			4,569,222	(468,015)	102.81%	4,697,238	128,016	2.80%
Average Monthly Bill			\$ 44,728.92		\$ 46,641.08 \$ 1,912.17	1,912.17		\$ 42,307.61	\$ 42,307.61 \$ (4,333.48)	(4)	43,492.94	43,492.94 \$ 1,185.33	2.80%

Average Monthly Bill	Total From Base Rates	Energy Charge per kWh	Customer Charge				Average Monthly Bill		Energy charge per kWh	Demand Charge per kW Contract Demand Excess Demand	Substation Charge Substation Charge	
		9,678,600 \$ 0.07960	147 \$	Actual Billing Data					69,748,929	141,140 2,371	36 \$ 72 \$	
€9	1 1	\$ 0.07960	\$ 76.03	Test Year End Rate	Test Y			1 1	0.05555	5.91 8.57	\$ 345.23 \$1,034.60	
5,316.96	781,593	770,417	11,176	Normalized Revenues	Test Year End		\$ 44,728.92	4,830,723	3,874,553	834,136 20,319	12,428 74,491	
€9	1 1	0.08300	79.28	Current Rate	Rates Eff		€9		0.05793	6.16 8.94	359.99 \$ 1,078.84	
5,544.07 \$	814,978	\$803,324	\$11,654	Normalized Revenues	Rates Effective January 14, 2011	Schedule Al	46,641.08	5,037,237	\$4,040,555	\$869,421 \$21,197	\$12,960 \$77,676	,
\$ 227.11	1.43%		1.43%	Increase Total	4, 2011	Schedule AES - All Electric Schools Rate 17	46,641.08 \$ 1,912.17		€9	6 4 64	&	
\$ 5,102.28 \$	750,035 (64	0.07629 \$ 738,380 \$ (64	79.28 \$ 11,654 \$	Current Normalized Sinc Rate Revenues Sinc	Rates Effective May 31, 2011	schools	\$ 42,307.61 \$ (4	4,569,222 (4	0.05122 \$ 3,572,540 \$ (468,	6.16 \$ 869,421 \$ 8.94 \$ 21,197 \$	359.99 \$ 12,960 \$ 1,078.84 \$ 77,676 \$	0
(441.79)	(64,943.41)	(64,943.41) \$ 0.08443	- \$ 104.20	\$ Increase Rate			(4,333.48)	(468,015) 102.81%	015.31) 0.052660 \$	- \$ 6.33 9.19	- \$ 370.14 - \$ 1,109.26	4
\$ 5,663.14 \$ 560.86	832,482 B2,447	\$ 817,164 \$ 78,783.80	\$ 15,317 \$ 3,663.24	Rates In Revenues Amoun	Proposed Rates		\$ 43,492.94 \$ 1,185.33	4,697,238 128,016	\$ 3,672,979 \$ 100,438	\$ 893,415 \$ 23,993.76 \$ 21,789 \$ 592.75	\$ 13,325 \$ 365.40 \$ 79,867 \$ 2,190.24	# 10,000 # 435.24
.86 10.99%	10.99%	.80 10.67%	.24 31,43%	Increase Amount Percent			1.33 2.80%	2.80%	438 2.81%	.76 2.76% .75 2.80%	3,40 2.82% 1.24 2.82%	2.02%

		Test	Test Year End	Rates	Rates Effective January 14, 2011	4, 2011	Rates	Rates Effective May 31, 2011	11, 2011		Proposed R.	ates
					Case No. 2010-00185	O1	c C	Case No. 2010-00186	186		Rates	
	Actual	Test Year	Normalized	Сиптепт	Normalized	Increase	Current	Normalized		Proposed	Normalized	Increase
		1	,		,							***************************************
	Billing Data	nnd Kate	Revenues	Kate	Revenues	Total	Rate	Revenues	Revenues \$ increase	Rate	Revenues	Amount Perce
Customer Charge		₽	•									
C		•										

Schedule III - Outdoor Lights

0.00%

Total From Base Rates Energy Charge per kWh

223,100 \$ 0.02750

0.02750

6,685 6,685

0.0275 \$

6,685 \$

\$ 0.02750 s

6,685 6,685 \$

0.00% 0.00%

6,685 6,685

	Blilling Data	Actual		
	End Kale	lest Year		Test
Tab.	Revenues	Normalized		Test Year End
	Kate	Current		Rates
	Revenues	Normalized	Case No. 2010-00185	Rates Effective January 14,
	Total	Increase		14, 2011
	Rate	Current	Ca	Rates
	Revenues	Normalized	Case No. 2010-00186	Rates Effective May 31, 2011
\$ Increase	\$ Increase		186	31, 2011
% Increase	Rate	Proposed		
	Revenues	Normalized	Rates	Proposed Ra
	Amount	incre		ites
	Percent	ase		

1017 /101	INT. IN	Maria	TELL/IM	TOTAL VAL	MATE	M/Hai	Sodiui	Sodiui	Sodiui	Sodiui	M/Vaj	M/Vaj		M/Hai	M/Hai	M/Ha!	Metal	nipoc	Sodini	Sodiui	Sodiui	M/Va _i	M/Vaj	Type		-				
ANY TIBLIDGE WOOD AN INTEREST TOTAL	Whatige 250W Pirectional	Vicial Hailde 1000 w Dir	While the state of	Whatte 1000 W Directional	Whatide 400 W Metered Dir	WHalle 400W Directional	odium Metered Directional	Sodium Directional Light	odium Metered Sec Light	sodium Security Light	M/Vapor Metered Sec Light	M/Vapor Sec Light 74 KWH		M/Halide 400W Metered Dir	M/Halide 400W Directional	VI/Halide 200 W Metered Dir	Metal Halide 250W Dir	Sodium Metered Directional	odium Directional Light	odium Metered Sec Light	sodium Sec Light 45 KWH	M/Vapor Metered Sec Light	M/Vapor Sec Light 74 KWH	Type of Lamp						
30	/64	7.2	428	1,8/3	879	2,677	64	6,569	48	4,983	i,332	17,942		95	778	192	579	564	5,716	132	44,165	398	194,853	Units			etiling Data	Actual		_
9.8	17.59	39.99	10.94	39.99	3.00	22.19	8.8	16.29	6.93 9	10.14 \$	6.93 9	10.14 9		9.8	22.19	9.8	17.59	000	16.29	6.93	10.14	6.93 9	10.14 5		<u></u>		End Kate	Test Year		
353	13,439	880	4,682	6 /4,981	6,154	59,403	563	\$ 107,009	333	50,528	9,231	\$ 181,932	,	931	17,264	1,882	10,185	4,963	93,114	915	447,833	\$ 2,758	\$ 1,975,809		Total		Revenues	Normalized		-
		41.70						16.99									18.34										Kate	Current	,	1 00000
368	14,012	917	4,883	78,188	6,418	61,946	588	111,607	347	52,670	9,630	189,647		971	18,003	1,962	10,619	5,178	97,115	954	466,824	2,878	2,059,596				Revenues	Normalized	Case No. 2010-00185	The state of the s
																											Total	Increase		, PC
10.22	17.63	39.05	11.41	39.05	10.22	22.02	9.18	16.28	7.23	10.17	7.23	10.17		10.22	22.02	10.22	17.63	9.18	16.28	7.23	10.17	7.23	10.17				Rate	Current	Ca	Nates
368	13,469	859	4,883	73,219	6,418	58,948	588	106,943	347	50,677	9,630	182,470		971	17,132	1,962	10,208	5,178	93,056	954	449,158	2,878	1,981,655				Revenues	Normalized	Case No. 2010-00186	Nates Elective May 31, 2011
•	\$ (542.44)	\$ (58.30)	49	\$ (4,968.75)	€ 9	\$ (2,998.24)	€9 -	\$ (4,663.99)	€9	\$ (1,993.20)	€9	\$ (7,176.80)		()	\$ (871.36)	69	\$ (411.09)	69	\$ (4,058.36)	69	\$ (17,666.00)	↔	\$ (77,941.20)			\$ Increase	\$ Increase		86	. 20.
\$ 10.22	\$ 17.63	\$ 39.05	\$ 11.41	\$ 39.05	\$ 10.22	\$ 22.02		\$ 16.28		\$ 10.17	\$ 7.23	\$ 10.17		\$ 10.22		\$ 10.22	\$ 17.63	\$ 9.18	\$ 16.28	\$ 7.23	\$ 10.17	\$ 7.23	\$ 10.17			% increase	Rate	Proposed		
\$ 367.92	\$ 13,469.32	\$ 859.10	\$ 4,883.48	\$ 73,218.75	\$ 6,418.16	\$ 58,947.54	\$ 587.52	\$ 106,943.32	\$ 347.04	\$ 50,677.11	\$ 9,630.36	\$ 182,470.14		\$ 970.90	\$ 17,131.56	\$ 1,962.24	\$ 10,207.77	\$ 5,177.52	\$ 93,056.48	\$ 954.36	\$ 449,158.05	\$ 2,877.54	\$ 1,981,655.01				Revenues	Normalized	Rates	Troposed Kales
€9	(/	€9	69	€9	€7	69	(S	⇔	ca	()	69	€9		69	()	69	69	69	69	(,	⇔	6 9 ·	6 9				Amount	Increase	į	ares
																										•	Percent	ase		

Total From Base Rates

\$ 3,065,140

69

3,195,321

\$ 3,071,971 \$ (123,350)

€9

3,071,971 \$

0.00%

Item No. 33
Page 1 of 1

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

33. Refer to the response to Item 42 of Staff's Second Request. Provide a breakdown of capital credits paid by year for the years prior to 2005 in the format shown in Exhibit 19 of the Application.

Response to Question #33

<u>Year</u>	<u>General</u>	Estates	<u>Total</u>	<u>Year</u>	<u>General</u>	Estates	<u>Total</u>
2010	0	112,351	112,351	1993	618,753	0	618,753
2009	0	147,179	147,179	1992	257,627	0	257,627
2008	0	112,500	112,500	1991	82,691	316,567	399,258
2007	0	114,976	114,976	1990	0	0	0
2006	0	133,279	133,279	1989	0	0	0
2005	733,402	241,073	974,475	1988	0	0	0
2004	672,160	142,328	814,488	1987	0	0	0
2003	1,402,820	139,292	1,542,112	1986	0	0	0
2002	1,617,224	680,528	2,297,752	1985	0	0	0
2001	1,406,852	0	1,406,852	1984	0	0	0
2000	1,427,592	0	1,427,592	1983	0	O -	0
1999	942,153	0	942,153	1982	0	0	0
1998	884,587	0	884,587	1981	0	0	0
1997	380,488	0	380,488	1980	0	0	0
1996	714,883	0	714,883	1979	0	0	0
1995	399,144	0	399,144	1978	0	0	0
1994	983,995		983,995	prior	213,105	585,548	798,653

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

34. Refer to the response to Item 43.b.(1) of Staff's Second request and the Application, Exhibit 20, Section 8, page 2, Account 364. At Item 43.b.(1), South Kentucky states that "[r]etirements are recorded using the average plant balance for each record unit that is removed from service." In Exhibit 20, South Kentucky reported retirements of poles, towers, and fixtures during 2009 in the amount of \$619,317. Provide the work papers showing full detail of the calculation of this retirement amount using the average plant balance method.

Response to Question #34

Attached is the Account Analysis for Account 364. for the year of 2009. The total retirements for the year calculate to \$619,317.24, as shown on page 3. Also reflected on page 3 are the additions and retirements for the month of December being \$155,038.51 and \$41,417.3, respectively. The summary of completed work orders is shown on page 4 which reflect the same amounts for Account 364. The Continuing Property Records for Account 364 are included as pages 5 thru 8.

It should be noted that each month there are approximately 300 work orders completed that include additions and retirements for items reflected in Account 364. Each of these work orders includes an individual staking sheet drawing [which can be up to several pages], a material picking list of all material to be used on the work order [which is usually 2-3 pages], and a job analysis [which is usually 5 pages in length]. A normal month would include approximately 2,500 pages of information to support the plant additions and retirements through the work order system.

Item No. 34
Page 2 of Z

Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

The computer software utilized by South Kentucky follows the Uniform System of Accounts and the Suggested Work Order Procedures established by RUS. The software vendor provides programming for numerous electric cooperatives in the southeastern portion of the United States.

ACCOUNT ANALYSIS FOR ACCT: 364.00 POLES, TOWERS & FIXTURES DATE RANGE FROM 01/01/09 TO 12/31/09

PAGE 1 RUN DATE 09/28/11 01:27 PM

WO 71 108 80 PLEL 00 01 102/28/09 PWO 71 108 80 PLEL 00 01 103/31/09 PWO 71 108 80 PLEL 00 01 103/31/09 PWO 71 108 80 PLEL 00 01 103/31/09 PWO 71 108 80 PLEL 00 01 104/30/09 PWO 71 108 80 PLEL 00 01 104/30/09 PWO 71 108 80 PLEL 00 01 105/31/09 PWO 71 108 80 PUD 10 100 100 100 100 100 100 100 100 100	99 364.00 BYBA 00 01 1 01/01/0 70 107.20 PLET 00 01 1 01/31/0 71 108.80 PLET 00 01 1 01/31/0 70 107.20 PLET 00 01 1 02/28/0 70 107.20 PLET 00 01 1 02/28/0 70 107.20 PLET 00 01 1 02/28/0	SO TR RACCT ITEM ID DEPT WH BH DATE PJ/VHR/VND/
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24, 322.43- 520.34- 520.34- 13,375.96- 100 57,112.27- 218.69- 200 47,302.84- 507.43- 288.64- 000 60,609.40- 00 JE 10039-MEPB 000 JE 10039-	.00 BEG YEAR BALANCE FORWARD .00 27,044.2900 .00	CREDIT DESCRIPTION
	page 3 of 8	Item 34

ACCOUNT ANALYSIS FOR ACCT: 364.00 POLES, TOWERS & FIXTURES DATE RANGE FROM 01/01/09 TO 12/31/09

PAGE 2 RUN DATE 09/28/11 01:27 PM

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	NUMBER OF RECORDS FOUND - 64	SO TR RACCT ITEM ID DEPT WH WO 71 108.80 PLEI 00 01 WO 70 107.20 PLEI 00 01 WO 71 108.80 PLEI 00 01 WO 70 107.20 PLEI 00 01 WO 71 108.80 PLEI 00 01 WO 71 108.80 PLEI 00 01 WO 71 108.80 PLEI 00 01
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TOTAL CREDIT TOTAL CREDIT NET BALANCE	TOTAL QTY	QTY DEBIT .00 201,260.50 .00 17,473.36 .00 276,306.18 .00 276,306.18 .00 146,799.13 .00 6,488.04 .00 1,751.34 .00 .00 .00 .00
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1tom 34	TOTAL	AMOUNT	RETIRE	AMOUNT	BUILT	ACCOUNT	
PAGE 107 RUN DATE 01/19/10 02:26 PM	RUN I	ORT	TRIBUTION REP	WORK ORDER DISTRIBUTION REPORT BY ACCOUNT			SOUTH KENTUCKY RECC PRG. WORCALCS (WOCA)

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467.52	470.00		425.06		435.64		388.31		326.33		330.77		147.35		242.98		79.58		
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SOUTH KENTUCKY RECC PRG. PLTLEDGR (WPLA)

ACCOUNT 364.00

WORK ORDER PLANT LEDGER REPORT FROM 01/01/09 THRU 12/31/09

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.00	M HDQTRS-SOM. 222.83	3144.68	238.60	482.37	145.97	¥ 68.40	PB 239.16
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SOUTH KENTUCKY RECC PRG. PLTLEDGR (WPLA)

ACCOUNT 364.00

WORK ORDER PLANT LEDGER REPORT FROM 01/01/09 THRU 12/31/09

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GRAND TOTALS BY ACCOUNT		GRAND TOTALS	SOUTH KENTUCKY RECC PRG. PLTLEDGR (WPLA) GRAND TOTALS
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	442002 65412085.36 133414- 17477049.28- 308588 47935036.08	LIFE	PAGE 4 RUN DATE 09/28/11 01:56 PM
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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

35. Refer to the response to Item 44.a. of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3. Provide all work papers detailing the selection of the retirement dispersion for poles, towers, and fixtures "that matched the closeness between actual annual amounts and those that had been simulated"

Response to Question #35

Attached is the worksheet that summarizes the findings to select the curve and historical life. The best fit for the curve and life are the differences that are closest to zero differences.

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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

36. Refer to the response to Item 45 of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3. Provide all work papers detailing the comparison of the actual plant retirements with the guideline curves for poles, towers, and fixtures.

Response to Question#36

See the response to Question#35 of this request.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- 37. Refer to the response to Item 46.a. of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3.
- a. In Item 46.a., South Kentucky states that a "computer model calculates an average service life and historical life curve." Provide a detailed description of the computer model used by South Kentucky that includes the name of its vendor and year it was created.
- b. Provide all information that was input into the computer model to develop the average service life and historical life curve for poles, towers, and fixtures.

Response to Question #37

a. The computer model was developed in conjunction with and assistance from Mr. Leroy Murphy, from Chicago, Illinois, in 1990. Mr. Murphy was a depreciation specialist who assisted in the development of the program used to calculate the Iowa Curve and Historical lives of assets. Electric cooperatives in Kentucky who have had depreciation studies prepared and submitted to this Commission include the following:

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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Cooperative	Case No.
Fleming-Mason Energy	2001-00244
Big Sandy RECC	2008-00401
Licking Valley RECC	2009-00016
Clark Energy	2009-00314
Grayson RECC	2008-00254
Cumberland Valley Electric	2005-00187

It should be noted that the Attorney General's depreciation intervener, Mike Majoros, confirmed that the lives used in the Fleming-Mason Energy rate application were appropriate using this model.

b. Information used to input is included in Section 8: Data used for Input Into Study.

Item No. 38
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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

38. Refer to the response to Item 47.a. of Staff's Second Request. South Kentucky states:

The allocation of net salvage is based upon assumptions. Net salvage percentages were based on the same percentages as other RECC's, then adjusted to arrive at net salvage percentages that would most closely relate to the actual net salvage as recorded by South Kentucky in its accumulated depreciation for distribution plant.

Provide all work papers supporting South Kentucky's calculation and allocation of the net salvage.

Response to Question #38

Keep in mind that the only purpose of the Net Salvage Ratio is to allocate the "Five year average actual net salvage" as recorded in the books and records of South Kentucky. This analysis is performed to allocate the five year average of \$1,093,501. This is shown in Section 10 of the depreciation study. Whether the Net Salvage Ratio is 2 times more, or only half as much, the net salvage to be recovered will be the "Five year average actual net salvage" amount.

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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

39. Refer to the response to Item 50 of Staff's Second Request. Provide work papers showing how the assumptions listed in this response were incorporated into the depreciation study.

Response to Question #39

Discussions with South Kentucky personnel indicated there were no significant conductor programs in effect, or anticipated, normal right-of-way programs were in effect, and no unusual or unique situations that have occurred that would affect the lives of any of the plant accounts, other than for meters. Therefore, no adjustments were required to be incorporated into the depreciation study.

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Witness: Jim Adkins

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

40. Refer to the response to Item 54 of Staff's Second Request. Items a. through d. of the original request did not have a response. Provide the requested responses.

Response to Question #40

South Kentucky apologizes for this omission. The response was made but copies were not included with the reply.

Response to Question 54.

- a. Had South Kentucky had a prior study, it is probable that the lives of assets would be very similar to the rates as proposed in the current study.
- b. A review of the historical service lives of South Kentucky's plant suggest they are similar to the lives of other Kentucky electric cooperatives. This would suggest that the lives of plant items in Kentucky are very similar. It appears the lives as suggested by RUS do not follow the lives of Kentucky electric cooperatives plant lives.
- c. Units of property that have been replaced are retired through the plant account and the accumulated depreciation account. Where conductor is broken and repaired with a connector, trees removed from lines, transformers reset, and other activity not including a record unit, theses costs are expensed to maintenance accounts.
- d. The past ice storms would have little impact on the lives of assets since the study analyzes data over many years. The study looks at trends more than individual years. There has not been significant enough activity in the years of ice storms to make a difference in the lives of South Kentucky's plant accounts.